



KENORLAND MINERALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Kenorland Minerals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Kenorland Minerals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$13,626,109 as of December 31, 2022. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including sending confirmation requests to optionors to ensure good standing of agreements.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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.

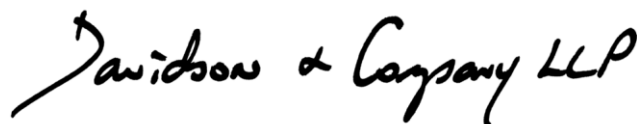
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Company 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.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 14, 2023

KENORLAND MINERALS LTD.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2022	December 31, 2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		24,133,235	9,418,796
Receivables	3	2,426,376	1,898,063
Prepaid expenses and deposits		1,301,249	113,071
		27,860,860	11,429,930
Investments	4	12,984,844	1,217,807
Investment in associates	5	1,061,550	1,217,157
Exploration and evaluation assets	6	13,626,109	10,592,813
Equipment	7	17,468	9,597
Right-of-use assets	8	-	11,485
		55,550,831	24,478,789
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	1,865,404	1,281,089
Advances received	6	5,996,749	1,985,290
Current income tax liability	19	389,608	-
Current portion of lease liabilities	8	-	12,475
		8,251,761	3,278,854
RSU liability	11	-	610,456
Government loans payable	10	-	100,000
Deferred income tax liability	19	2,325,000	-
		10,576,761	3,989,310
SHAREHOLDERS' EQUITY			
Share capital	11	30,618,927	23,091,109
Reserves	11	3,225,248	2,635,983
Retained earnings (deficit)		11,129,895	(5,237,613)
		44,974,070	20,489,479
		55,550,831	24,478,789

Nature and continuance of operations (Note 1) and subsequent events (Note 20)

Approved and authorized for issuance by the Board of Directors on April 14, 2023.

"Jessica Van Den Akker"

Director

"Jay Sujir"

Director

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

KENORLAND MINERALS LTD.

Consolidated Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)

	Note	For the year ended December 31,	
		2022	2021
		\$	\$
Revenue	13	2,474,598	2,000,468
Operating expenses			
Conference and marketing		334,983	559,864
Consulting		165,683	105,396
Depreciation	7, 8	16,542	33,343
Foreign exchange loss (gain)		(77,662)	53,014
Insurance		53,567	59,622
Interest on lease liabilities	8	220	1,965
Management fees	13	87,000	117,000
Office expenses		194,627	106,433
Professional fees		473,537	475,359
Project generation		50,744	186,423
Salaries and benefits	13	1,825,423	863,853
Share-based compensation	11,13	927,833	868,839
Transfer agent and filing fees		66,104	83,929
Travel and related		109,614	15,050
		(4,228,215)	(3,530,090)
Loss from operations		(1,753,617)	(1,529,622)
Other income (expenses)			
Gain on sales of mineral properties	4, 6	4,459,615	1,086,374
Interest and other income	10	120,603	1,233
Gain on deconsolidation	5	-	839,098
Dilution gain from investment in associates	5	-	426,098
Net change in fair value of investments	4	8,829,594	(78,758)
Gain on sale of investments	4	7,454,980	417,117
Equity loss from investment in associates	5	(155,607)	(153,941)
		20,709,185	2,537,221
Income before income taxes		18,955,568	1,007,599
Income tax expense	19	(389,608)	-
Deferred income tax expense	19	(2,325,000)	-
Net income for the year		16,240,960	1,007,599
Income (loss) attributable to:			
Shareholders of the Company		16,240,960	1,111,664
Non-controlling interest	14	-	(104,065)
Income for the year		16,240,960	1,007,599
Earnings per common share (Note 12)			

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

KENORLAND MINERALS LTD.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Reserves	Deficit	Non- Controlling Interest	Total Shareholders' Equity
	#	\$	\$	\$	\$	\$
Balance, December 31, 2020	45,573,137	17,571,630	2,164,534	(6,368,691)	-	13,367,473
Shares issued for cash	5,211,945	5,211,945	-	-	-	5,211,945
Share issuance costs	-	(50,586)	-	-	-	(50,586)
Options exercised	710,000	150,856	(63,856)	-	-	87,000
Warrants exercised	72,622	86,749	(35,912)	-	-	50,837
Warrants expired	-	88,372	(88,372)	-	-	-
Shares issued for exploration and evaluation assets	35,714	32,143	-	-	-	32,143
Share-based compensation	-	-	679,003	-	-	679,003
Options cancelled	-	-	(19,414)	19,414	-	-
Non-controlling interest	-	-	-	-	104,065	104,065
Net income for the year	-	-	-	1,111,664	(104,065)	1,007,599
Balance, December 31, 2021	51,603,418	23,091,109	2,635,983	(5,237,613)	-	20,489,479
Shares issued for cash	10,720,445	7,504,648	-	-	-	7,504,648
Share issuance costs	-	(273,547)	-	-	-	(273,547)
Options exercised	50,000	21,793	(9,293)	-	-	12,500
Shares issued for RSUs vested	150,000	103,500	-	-	-	103,500
Shares issued for exploration and evaluation assets	66,083	48,241	-	-	-	48,241
Warrants expired	-	123,183	(123,183)	-	-	-
Options cancelled	-	-	(126,548)	126,548	-	-
Share-based compensation	-	-	848,289	-	-	848,289
Net income for the year	-	-	-	16,240,960	-	16,240,960
Balance, December 31, 2022	62,589,946	30,618,927	3,225,248	11,129,895	-	44,974,070

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

KENORLAND MINERALS LTD.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	For the year ended December 31,	
	2022	2021
	\$	\$
Cash flows used in operating activities		
Net income for the year	16,240,960	1,007,599
Adjustments for items not affecting cash		
Depreciation	16,542	33,343
Other income	(30,000)	-
Gain on deconsolidation	-	(839,098)
Net change in fair value of investments	(8,829,594)	78,758
Gain on sale of investments	(7,454,980)	(417,117)
Gain on sale of mineral properties	(4,459,615)	(1,086,374)
Share-based compensation	927,833	868,839
Dilution gain from investment in associates	-	(426,098)
Interest on lease liabilities	220	1,965
Equity loss from investment in associates	155,607	153,941
Deferred income tax expense	2,325,000	-
Change in non-cash working capital items		
Receivables	(568,384)	(874,260)
Prepaid expenses and deposits	(102,118)	74,221
Accounts payable and accrued liabilities	957,737	(1,619,124)
Current income tax liability	389,608	-
	(431,184)	(3,043,405)
Cash flows provided by (used in) in investing activities		
Exploration and evaluation assets expenditures	(17,993,594)	(18,703,821)
Advances received for exploration and evaluation assets expenditures	18,218,539	12,232,813
Option proceeds received	490,280	250,000
Purchase of equipment	(12,928)	-
Cash acquired on consolidation of investments	-	287,951
Investment in associates	-	(225,000)
Cash eliminated on deconsolidation	-	(42,532)
Proceeds from sales of investments	8,954,980	829,117
Deposits for exploration and evaluation assets	(1,086,060)	-
	8,571,217	(5,371,472)
Cash flows provided by financing activities		
Shares issued for cash	7,504,648	5,211,945
Share issuance costs	(273,547)	(50,586)
Options exercised	12,500	87,000
Warrants exercised	-	50,837
Repayment of lease liabilities	(12,695)	(30,464)
Cash payout for RSUs vested	(586,500)	-
Government loans payable	(70,000)	20,000
	6,574,406	5,288,732
Change in cash and cash equivalents during the year	14,714,439	(3,126,145)
Cash and cash equivalents, beginning of the year	9,418,796	12,544,941
Cash and cash equivalents, end of the year	24,133,235	9,418,796

Supplemental disclosure with respect to cash flows (Note 17)

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

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2022

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Kenorland Minerals Ltd. (the “Company” or “Kenorland”) was incorporated on May 29, 2018 under the Business Corporations Act of British Columbia. Its principal business activity is the acquisition and exploration of mineral properties. The Company is listed for trading on the TSX Venture Exchange (“TSX-V”), Frankfurt Stock Exchange, and OTCQX under the symbol “KLD.V”, “3WQ0”, and “KLDCF”, respectively.

The head office of the Company is located at 1570 – 1111 West Georgia Street, Vancouver, B.C., V6E 4M3 and the registered and records office of the Company is located at 2080 – 777 Hornby Street, Vancouver B.C., V6Z 1S4.

The Company’s exploration and evaluation assets are at the exploration stage and are without a known body of commercial ore. The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation assets costs represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation assets costs is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2022, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and raise equity capital or borrowings sufficient to meet current and future obligations. There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic from March 2020, and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and its effect on the Company’s business or ability to raise funds. So far, the Company has had minimal or no impact due to these issues.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

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

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
For the year ended December 31, 2022
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Name	Jurisdiction	Percentage owned	
		December 31, 2022	December 31, 2021
1223437 B.C. Ltd.	Canada	100%	100%
Northway Resources Alaska Corporation	USA	100%	100%
Kenorland Minerals North America Ltd.	Canada	100%	100%
1118892 B.C. Ltd.	Canada	100%	100%
Kenorland Minerals USA Inc.	USA	100%	100%

During the year ended December 31, 2021, the changes in the Company's ownership of Koulou Gold were as follows:

- In March 2021, the Company acquired 58% ownership of Koulou Gold by share purchases;
- In April 2021, the Company entered into a share purchase agreement whereby Koulou Gold acquired a 100% interest in 1255141 B.C. Ltd. (formerly Kenorland Minerals Africa Ltd.). As consideration, the Company received 5,000,000 shares of Koulou Gold for its 50% ownership in Kenorland Minerals Africa Ltd. The Company's interest in Koulou Gold decreased from 58% to 53%; and
- In September 2021, the ownership decreased from 53% to 20% as a result of a Koulou Gold share issuance.

All intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates and judgements as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, determination of functional currency, level of control or influences over companies, going concern of operations, valuation of share-based compensation and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

Level of control or influence over companies

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting.

Until September 8, 2021, the Company consolidated its investment in Koulou Gold as Kenorland had control over the key operating activities of Koulou Gold. Effective September 9, 2021, Kenorland accounted for its investment in Koulou Gold as an investment in associate as it retained significant influence over the operations of Koulou Gold.

Going concern of operations

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statements of financial position classifications used (Note 1).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
For the year ended December 31, 2022
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cashable guaranteed investment certificates with original maturities of three months or less.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and cash and cash equivalents and investments are classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, advances received, lease liabilities and government loans payable are measured at amortized cost. RSU liability is measured at FVTPL.

As at December 31, 2021 and 2022, the Company does not have any derivative financial liabilities.

Investment in associates

The Company accounts for its investments in affiliated companies over which it has significant influence using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses. The consolidated statement of income and comprehensive income reflects the share of the results of operations of the associated company from the acquisition date forward. Where there has been a change recognized directly in the equity of the associated company, the Company recognizes its share of any changes. Unrealized gains and losses resulting from transactions between the Company and the associated company are eliminated to the extent of the interest in the associated company.

The Company assesses its equity investments for impairment at each reporting date if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

- (i) significant financial difficulty of the associated companies;
- (ii) becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
- (iii) national or local economic conditions that correlate with defaults of the associated companies.

If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in profit or loss. Upon loss of significant influence over the associated company, the Company measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

Farm outs

The Company uses the carrying amount of the exploration and evaluation asset interest before the farm-out as the carrying amount for the portion of the interest retained. Any expenditures incurred by the Company for its own interest are added to the carrying value. Any cash consideration received is credited against the carrying amount of the portion of the interest retained and is recorded as a recovery, with any excess included as a gain in profit or loss.

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs directly related to the acquisition and exploration of exploration and evaluation assets are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

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Notes to Consolidated Financial Statements

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property when received.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

For the years presented, there were no significant restoration and environmental obligations.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance and straight-line methods to write off the cost of the assets. The depreciation rate is applicable as follows:

Computer equipment	55% Declining balance
Furniture & equipment	20% Declining balance
Leasehold improvements	5 Years Straight-Line

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

The Company generates revenue from operator fees on some of the mineral projects. Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred, when the fee is fixed or determinable and when collection is reasonably assured. For operator fees earned from the refundable mining tax credit for exploration expenditures incurred by the optionee, the Company estimates its refundable mining tax credit and records as accrued receivable in the year the exploration activities incurred. Amounts received from customers in advance of revenue recognition are recorded as deferred revenue.

Impairment of non-financial assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of an asset is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, restricted share units, share warrants, and options are classified as equity instruments.

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

Share-based compensation

The Company operates an employee stock option plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company transfers the value of forfeited and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration based on the nature of the item.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation (continued)

The Company may grant Restricted Share Units ("RSUs") to directors, officers, and employees. Each RSU represents an entitlement to one common share of the Company, upon vesting. RSUs are redeemable for the issue of common shares at prevailing market prices on the date of the RSU grant, or into cash, at the option of the holder, on the date of exercise.

RSUs can be settled in cash. The fair value of the estimated number of RSUs awarded that will eventually vest, determined as of the date of grant, is recognized as share-based compensation expense in profit or loss over the vesting period, with a corresponding amount recorded as a liability. Until the liability is settled, the fair value of the RSUs is re-measured at the end of each reporting period and at the date of settlement, with changes in fair value recognized as share-based compensation expense or recovery over the vesting period.

Earnings per common share

Basic earnings per share is computed by dividing net earnings available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2022

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current income and deferred tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued or amended but not yet effective

Accounting standards issued for adoption in future periods: The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2022:

The following amendments will be effect for annual reporting periods beginning on or after January 1, 2023:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.
- *Definition of Accounting Estimates (Amendments to IAS 8)* – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company anticipates that these amendments will not have a material impact on the results and financial position of the Company.

3. RECEIVABLES

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 179,555	\$ 168,118
Accrued receivable	600,495	207,785
Sales tax receivable	1,646,326	1,522,160
	2,426,376	1,898,063

4. INVESTMENTS

At December 31, 2021 and 2022, the Company had the following investments:

	December 31, 2022	December 31, 2021
Marketable securities *	\$ 11,896,873	\$ 60,000
Warrants	10,723	80,559
Private company investments	1,077,248	1,077,248
Total investment in equity instruments	12,984,844	1,217,807

* Marketable securities consist of shares of Kingfisher, Li-FT, and Jayden with a fair market value of \$70,000, \$11,021,043 and \$805,830, respectively.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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4. INVESTMENTS (continued)

A summary of the Company's investment in equity instruments is as follows:

	Total
	\$
Balance as at December 31, 2020	631,317
Additions	1,077,248
Proceeds from sale of investments	(829,117)
Realized gain on sale of investments	417,117
Change in fair value of investments	(78,758)
Balance as at December 31, 2021	1,217,807
Additions	4,437,443
Proceeds from sale of investments	(8,954,980)
Realized gain on sale of investments	7,454,980
Change in fair value of investments	8,829,594
Balance as at December 31, 2022	12,984,844

Kingfisher Metals Corp.

During the year ended December 31, 2021, the Company sold 1,300,000 Kingfisher shares for total proceeds of \$573,529 and recorded a realized gain on sale of investments of \$443,529. In addition, the Company recorded a net increase in fair value of investments of \$40,000. As at December 31, 2021, the fair market value of the remaining 200,000 shares was \$60,000 (2020 – 1,500,000 shares at \$150,000).

In March 2022, the Company received 500,000 shares of Kingfisher Metals Corp. with a value of \$100,000 for certain minerals claims sold in June 2020.

Li-FT Power Ltd.

In June 2022, the Company received 1,751,913 shares of Li-FT Power Ltd. ("Li-FT") at a fair value of \$2.00 per share in connection with the option agreement of the Rupert Property entered in July 2021 (Note 6). During the year ended December 31, 2022, the Company sold 750,000 Li-FT shares for total proceeds of \$9,000,000 and recorded a realized gain on sale of investments of \$7,454,980. As at December 31, 2022, the Company held 1,001,913 Li-FT shares.

Jayden Resources Inc.

In October 2022, the Company received 5,557,447 shares of Jayden Resources Inc. ("Jayden") at a fair value of \$0.15 per share in connection with the purchase and sale agreement of the Wheatcroft Property entered into in October 2022 (Note 6).

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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5. INVESTMENT IN ASSOCIATES

A summary of the Company's investment in associates is as follows:

	Prospector	Koulou	Total
	\$	\$	\$
Balance as at December 31, 2020	-	-	-
Initial investment	45,000	900,000	945,000
Dilution gain (loss)	782,997	(356,899)	426,098
Equity loss	(33,098)	(120,843)	(153,941)
Balance as at December 31, 2021	794,899	422,258	1,217,157
Equity loss	(31,731)	(123,876)	(155,607)
Balance as at December 31, 2022	763,168	298,382	1,061,550

Prospector Royalty Corp.

In January 2021, the Company acquired a 45% interest in Prospector Royalty Corp. ("Prospector") by paying \$45,000. In August 2021, Gold Royalty Corp. subscribed for 12.5% of Prospector for \$2,000,000. As a result, the Company's ownership was diluted to 39.38% and recorded a dilution gain of \$782,997 representing the increase of net assets in Prospector.

Prospector's financial information as at December 31, 2021 and 2022 and loss and comprehensive loss for the period from January 13, 2021 to December 31, 2021 and for the year from January 1, 2022 to December 31, 2022 are as follows:

	December 31,	
	2022	2021
	\$	\$
Cash	1,761,777	2,010,717
Other current assets	7,246	4,652
Non-current assets	203,500	60,000
Total assets	1,972,523	2,122,369
Current liabilities	(34,321)	(56,579)
Net assets	1,938,202	2,018,790
Loss and comprehensive loss for the year	(80,586)	(81,210)
Company's share of loss during the year	(31,731)	(33,098)

Koulou Gold Corp.

In March 2021, the Company acquired 1,000,000 shares of Koulou Gold from two arm's length third parties for \$30,000 and subscribed for 3,000,000 shares at a price of \$0.05 per share for a total price of \$150,000. In April 2021, the Company entered into a share purchase agreement whereby Koulou Gold acquired a 100% interest in 1255141 B.C. Ltd. As consideration, the Company received 5,000,000 shares of Koulou Gold for its 50% ownership in 1255141 B.C. Ltd. The Company's interest in Koulou Gold decreased from 58% to 53% and the Company maintained control over the key operating activities of Koulou Gold. As a result of the sale of 1255141 B.C. Ltd., the Company recorded loss on consolidation of \$26,326.

In September 2021, Koulou Gold issued additional shares through a private placement that diluted the Company's ownership of Koulou Gold from 53% to 20%, which led to a loss of control and deconsolidation of Koulou Gold from the Company's financial statements. As a result of the deconsolidation, the Company recognized a gain on deconsolidation of \$865,424. The Company retained significant influence over Koulou Gold, resulting in Koulou Gold being recorded on the Company's consolidated financial statements as an investment in associate.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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5. INVESTMENT IN ASSOCIATES (continued)**Koulou Gold Corp. (continued)**

The reconciliation for the investment in Koulou Gold is as follows:

	Amount
Share price of Koulou Gold as at September 9, 2021	\$ 0.10
Number of Koulou Gold shares owned by the Company as at September 9, 2021	9,000,000
Initial recognition of the investment in associate on September 9, 2021	\$ 900,000
	Amount
Initial investment	\$ 180,000
Loss on consolidation (change in ownership interest 58% to 53%)	(26,326)
	153,674
Share of comprehensive loss during the consolidated period	(119,098)
Investment balance immediately prior to deconsolidation	34,576
Initial recognition of the investment in associate on September 9, 2021	900,000
Gain on deconsolidation	\$ 865,424

The Company's total change in ownership interests of Koulou during the year ended December 31, 2021 resulted in a net gain on deconsolidation of \$839,098 recognized on the statements of income and comprehensive income.

Koulou's financial information as at December 31, 2021 and 2022 and loss and comprehensive loss for the period from September 9, 2021 to December 31, 2021 and for the year from January 1, 2022 to December 31, 2022 are as follows:

	December 31,	
	2022	2021
	\$	\$
Cash	1,164,056	2,273,180
Other current assets	17,251	12,991
Non-current assets	418,995	128,522
Total assets	1,600,302	2,414,693
Current liabilities	(42,796)	(314,234)
Net assets	1,557,506	2,100,459
Loss and comprehensive loss for the year	(616,201)	(665,414)
Company's share of loss during the year	(123,876)	(120,843)

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Notes to Consolidated Financial Statements

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6. EXPLORATION AND EVALUATION ASSETS

The Company's costs and expenditures for the periods related to exploration and evaluation of mineral properties are as follows:

	Chicobi	Frotet	Lac Fagnant	Chebistuan	O'Sullivan	Miniac	Hunter	South Thompson	Rupert
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2020	82,106	182,904	17,967	300,538	352,034	9,250	54,103	1,850	-
Acquisition costs	-	150,000	-	-	-	-	-	-	-
Exploration expenditures:									
Assays	112,926	716,704	-	58,706	7,719	-	7,437	-	295,877
Camp and heavy equipment	78,155	1,020,796	-	38,644	10,200	-	5,704	-	54,998
Consulting and personnel	309,587	3,608,868	110	267,713	26,748	4,309	30,836	-	369,325
Drilling	225,975	3,751,862	-	1,000	-	-	28,865	-	-
Fuel	-	260,830	-	1,123	-	-	-	-	-
Geophysics	221,672	451,930	1,560	104,365	-	-	208,150	7,500	99,535
Helicopter and fixed wing	-	28,987	-	55,913	-	-	-	-	120,461
Site development and reclamation	10,192	19,982	-	1,200	-	-	1,000	-	-
Staking and claim maintenance	48,094	6,136	2,193	5,301	160	2,933	560	19,196	208,631
Supplies and fuel	6,355	293,407	-	7,554	122	514	-	-	42,285
Travel and accommodations	3,882	82,647	-	-	-	-	-	-	-
	1,016,838	10,392,149	3,863	541,519	44,949	7,756	282,552	26,696	1,191,112
Contribution received from optionees	(1,016,837)	(2,292,216)	-	(587,907)	-	(7,756)	-	-	(997,041)
Contribution from joint venture partner	-	(6,612,924)	-	-	-	-	-	-	-
Refundable mining tax credit	-	-	-	(39,442)	(115,183)	-	(1,175)	-	-
Consideration received	-	-	-	-	-	(181,361)	-	-	(200,000)
Elimination of subsidiary	-	-	-	-	-	-	-	-	-
Gain on sale of mineral properties	-	-	-	-	-	172,111	-	-	5,929
Balance as at December 31, 2021	82,107	1,669,913	21,830	214,708	281,800	-	335,480	28,546	-

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2022

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6. EXPLORATION AND EVALUATION ASSETS (continued)

	South Uchi	Total Canada	Tanacross	Healy	Napoleon	Total USA	Sakassou, Ivory Coast	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2020	-	1,000,752	624,667	1,483,436	167,648	2,275,751	-	3,276,503
Acquisition costs	57,143	207,143	-	-	-	-	121,846	328,989
Exploration expenditures:								
Assays	-	1,199,369	27,844	125,056	1,266	154,166	-	1,353,535
Camp and heavy equipment	-	1,208,497	103,151	509,803	-	612,954	-	1,821,451
Consulting and personnel	14,726	4,632,222	199,516	678,345	-	877,861	-	5,510,083
Drilling	-	4,007,702	18,306	1,533,861	-	1,552,167	-	5,559,869
Fuel	-	261,953	6,124	168,304	-	174,428	-	436,381
Geophysics	60,050	1,154,762	196,629	23,309	-	219,938	-	1,374,700
Helicopter and fixed wing	-	205,361	60,827	1,119,936	-	1,180,763	-	1,386,124
Site development and reclamation	-	32,374	1,144	1,362	-	2,506	-	34,880
Staking and claim maintenance	161,600	454,804	294,564	133,152	-	427,716	-	882,520
Supplies	226	350,463	84,493	237,367	-	321,860	-	672,323
Travel and accommodations	-	86,529	58,623	24,865	-	83,488	-	170,017
	293,745	13,801,179	1,051,221	4,555,360	1,266	5,607,847	121,846	19,530,872
Contribution received from optionees	-	(4,901,757)	-	-	-	-	-	(4,901,757)
Contribution from joint venture partner	-	(6,612,924)	-	-	-	-	-	(6,612,924)
Refundable mining tax credit	-	(155,800)	-	-	-	-	-	(155,800)
Consideration received	(50,000)	(431,361)	-	-	(810,748)	(810,748)	-	(1,242,109)
Elimination of subsidiary	-	-	-	-	-	-	(121,846)	(121,846)
Gain on sale of mineral properties	-	178,040	-	-	641,834	641,834	-	819,874
Balance as at December 31, 2021	243,745	2,878,129	1,675,888	6,038,796	-	7,714,684	-	10,592,813

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2022

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6. EXPLORATION AND EVALUATION ASSETS (continued)

	Chicobi	Frotet	Lac Fagnant	Chebistuan	O'Sullivan	Hunter	South Thompson	Rupert
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2021	82,107	1,669,913	21,830	214,708	281,800	335,480	28,546	-
Acquisition costs	-	250,000	-	-	-	-	-	-
Exploration expenditures:								
Assays	65,030	1,031,641	-	56,430	6,781	109,181	34,779	12,036
Camp and heavy equipment	43,243	1,031,235	-	4,500	-	119,812	-	-
Consulting and personnel	214,637	2,762,462	-	71,192	29,202	388,750	-	17,500
Drilling	386,552	4,112,997	-	93,000	-	939,200	-	-
Fuel	134	152,805	-	-	-	1,456	-	-
Geophysics	19,095	359,523	-	132,899	132,568	-	6,210	-
Helicopter and fixed wing	-	-	-	9,293	-	-	-	-
Site development and reclamation	30,892	78,210	-	5,411	2,021	53,947	2,790	840
Staking and claim maintenance	1,847	49,350	-	1,582	870	469	201,416	69
Supplies	84,170	736,840	-	4,718	48	88,799	-	-
Travel and accommodations	6,006	130,259	-	1,933	1,648	80,776	-	-
	851,606	10,695,322	-	380,958	173,138	1,782,390	245,195	30,445
Contribution received from optionees	(851,606)	-	-	(380,958)	-	(1,782,390)	-	(30,445)
Contribution from joint venture partner	-	(8,746,475)	-	-	-	-	-	-
Refundable mining tax credit	-	(511,805)	-	-	(17,356)	(109,272)	-	-
Consideration received	-	-	-	-	-	-	-	-
Gain on sale of mineral properties	-	-	-	-	-	-	-	-
Balance as at December 31, 2022	82,107	3,106,955	21,830	214,708	437,582	226,208	273,741	-

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2022

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

	South Uchi	Separation Rapids	Others	Total Canada	Tanacross	Healy	Total USA	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2021	243,745	-	-	2,878,129	1,675,888	6,038,796	7,714,684	10,592,813
Acquisition costs	98,241	-	-	348,241	-	-	-	348,241
Exploration expenditures:								
Assays	-	59,067	5,777	1,380,722	59,800	50,215	110,015	1,490,737
Camp and heavy equipment	-	24,090	87,965	1,310,845	59,202	-	59,202	1,370,047
Consulting and personnel	-	131,789	19,579	3,635,111	644,653	2,783	647,436	4,282,547
Drilling	-	-	-	5,531,749	-	-	-	5,531,749
Fuel	-	20,702	29,363	204,460	7,432	-	7,432	211,892
Geophysics	-	37,330	233,367	920,992	378,653	-	378,653	1,299,645
Helicopter and fixed wing	-	89,684	172,675	271,652	47,174	-	47,174	318,826
Site development and reclamation	-	5,008	2,760	181,879	183	10,623	10,806	192,685
Staking and claim maintenance	1,886	96,295	701,103	1,054,887	429,503	156,124	585,627	1,640,514
Supplies	-	14,108	33,048	961,731	329,210	2,131	331,341	1,293,072
Travel and accommodations	-	17,076	-	237,698	89,193	-	89,193	326,891
	100,127	495,149	1,285,637	16,039,967	2,045,003	221,876	2,266,879	18,306,846
Contribution received from optionees	-	(400,697)	-	(3,446,096)	-	-	-	(3,446,096)
Contribution from joint venture partner	-	-	-	(8,746,475)	(2,014,509)	-	(2,014,509)	(10,760,984)
Refundable mining tax credit	-	-	-	(638,433)	-	-	-	(638,433)
Consideration received	(200,000)	(100,000)	(125,000)	(425,000)	(65,280)	-	(65,280)	(490,280)
Gain on sale of mineral properties	-	5,548	56,695	62,243	-	-	-	62,243
Balance as at December 31, 2022	143,872	-	1,217,332	5,724,335	1,641,102	6,260,672	7,901,774	13,626,109

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (continued)

Chicobi Property, Quebec, Canada

The Company held a 100% interest in mining claims located northeast of the town of Amos, Quebec.

In February 2019, the Company entered into an earn in and joint venture exploration agreement with Sumitomo Metal Mining Canada Limited ("SMMCL"). Under the agreement, SMMCL can earn up to a 70% interest in the Chicobi Property by making exploration expenditures as follows:

- a) to acquire an undivided 51% interest, SMMCL must fund an aggregate of \$4.9 million in expenditures on the Chicobi Property on or before May 31, 2022 (funded and earned).
- b) to acquire an additional undivided 19% interest (for a total undivided interest of 70%), SMMCL must, within 90 days following the completion of acquiring 51% interest, notify the Company that they will fund an aggregate of an additional \$10 million in expenditures on the property within three years.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In July 2022, SMMCL notified the Company that SMMCL would not exercise the right to earn the additional 19% interest and formed a joint venture on a 49/51 basis and the Company will remain the operator.

Frotet Property, Quebec, Canada

The property is located north of Chibougamau, Quebec and was acquired by nominal staking costs and a payment of \$6,000 to an arm's length vendor.

In April 2018, the Company entered in an earn in and joint venture exploration agreement with SMMCL. Under the agreement, SMMCL can earn up to an 80% interest in the Frotet Property by making exploration expenditures as follows:

- a) to acquire an undivided 65% interest, SMMCL must fund an aggregate of \$4.3 million in expenditures on the Frotet Property on or before April 17, 2021 (funded).
- b) to acquire an additional undivided 15% interest (for a total undivided interest of 80%), SMMCL must, within 90 days following the completion of acquiring 65% interest, notify the Company that they will fund an aggregate of an additional \$4 million in expenditures on the property within one year (funded). SMMCL notified the Company and will fund an aggregate of an additional \$4 million in expenditures on the property.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Frotet Property, Quebec, Canada (continued)

In accordance with the agreement, the Company is the operator and is entitled to charge SMMCL operator fees based on costs incurred in account of exploration on the Frotet Property.

In April 2020, the Company entered into a purchase agreement with O3 Mining Inc. ("O3") to purchase mineral claims in Quebec for a total purchase price of \$900,000. Under the agreement, the payment terms are as follows:

- a) \$100,000 upon execution of agreement (paid); \$150,000 on the first anniversary (paid); \$250,000 on the second anniversary (paid); and \$400,000 on the third anniversary (paid subsequently).
- b) When the Company acquires 100% interest in the property and it goes into commercial production, O3 will be entitled to receive a 2.0% net smelter return royalty with the right to purchase one half of royalty upon the payment of \$1,000,000.

In April 2021, SMMCL completed the earn in of an 80% interest by funding an aggregate of \$8.3 million in expenditures on the Frotet Property. The Company and SMMCL will fund future exploration expenditures based on a 20/80 basis and the Company will remain the operator.

Lac Fagnant Property, Quebec, Canada

On January 16, 2018, and subsequently amended in July 2018, the Company entered into an agreement with Harfang Exploration Inc. ("Harfang") and Urbangold for exploration on certain mineral rights comprising certain mining claims on the property located in the Nunavik territory, east of Kuujuarapik on the east coast of Hudson Bay, Quebec.

Under the agreement, the participating interest is as follows: the Company – 40%, Harfang – 40%, and Urbangold – 20%. Harfang is the operator, which can charge operator fees based on costs incurred in account for exploration expenditures on the Lac Fagnant Property, as long as its participating interest is equal to or greater than the other participants' participating interest.

Chebistuan Property, Quebec, Canada

The property is located in Quebec and was acquired by nominal staking costs and acquisition from arm's length vendors. Certain mineral claims are subject to a 2.0% on net smelter return royalty and half of the royalty (1.0%) can be redeemed at the Company's discretion for consideration of \$1,000,000 payable in cash. The Company holds the right of first refusal over this same 1.0% of royalty.

In July 2020, and later amended in June 2021, the Company entered into an exploration with venture option agreement with Newmont Corporation ("Newmont") and Newmont can earn up to an 80% interest in the Chebistuan Property. Under the agreement, the Company is the operator and will be compensated based on exploration expenditures incurred. In order to acquire an 80% interest, Newmont must make exploration expenditures as follows:

- i. to acquire an undivided 51% interest, advance the Company a minimum of \$700,000 in qualifying expenditures to complete the geochemical sampling work (advanced); approval of the geochemical sampling work; and incur or advance the Company an additional \$2,000,000 in qualifying exploration expenditures.
- ii. to acquire an additional undivided 29% interest (for a total undivided interest of 80%), incur additional qualifying exploration expenditures to furnish the Company with a NI43-101-compliant prefeasibility study demonstrating the Chebistuan Property contains an inferred resource of at least 1,500,000 gold ounces.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

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6. EXPLORATION AND EVALUATION ASSETS (continued)

O’Sullivan Property, Quebec, Canada

The Company holds a 100% interest in mining claims located within the Abitibi greenstone Belt in Northern Quebec.

In December 2022, the Company entered into an earn in and joint venture exploration agreement with SMMCL. Under the agreement, SMMCL can earn up to a 70% interest in the O’Sullivan Property by making exploration expenditures as follows:

- a) to acquire an undivided 51% interest, SMMCL must fund an aggregate of \$4.9 million in expenditures on the O’Sullivan Property on or before December 15, 2025, of which \$1.2 million are guaranteed expenditures.
- b) to acquire an additional undivided 19% interest (for a total undivided interest of 70%), incur additional qualifying exploration expenditures to deliver a NI-43-101 compliant feasibility study on the O’Sullivan Property disclosing mineral resources in the measured and indicated categories of not less than 1,500,000 ounces of gold (or AuEq) within an additional seven years.

Once SMMCL has earned a 70% interest, the Company will have the option to convert the minority joint venture interest into a net smelter return royalty interest of 4% on the O’Sullivan Property. If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 3% net smelter return royalty in favor of the other party in respect of minerals produced from the property, with 1% subject to buyback for \$1 million. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

Hunter Property, Quebec, Canada

In August 2020, the Company entered into a sale and transfer agreement to purchase a 100% interest in certain mineral titles located in Quebec from two individuals for a total purchase price of \$10,000. The sale and transfer agreement subjects the property to a net smelter return royalty of 1.5%.

In January 2022, the Company entered into a property option agreement with a wholly owned subsidiary of Centerra Gold Inc. (“Centerra”) pursuant to which Kenorland has agreed to grant Centerra the option to acquire up to a 70% interest in the Hunter Property.

Pursuant to the property option agreement, Centerra can earn an initial 51% interest in the Hunter Property by incurring an aggregate of \$5,000,000 in mineral exploration expenditures on or before the fourth anniversary of the property option agreement (the “First Option”). Centerra can earn an additional 19% interest in the Hunter Property, for an aggregate 70% interest held (the “Second Option”) by completing a technical report in respect of the Hunter Property that establishes a mineral resource of at least one million ounces of gold prepared in accordance with the requirements of National Instrument 43-101 of the Canadian Securities Administrators on or before the fourth anniversary of the exercise of the First Option, provided that Centerra must provide notice of its intent to exercise the Second Option within 90 days of the exercise of the First Option.

Following the earning of a 70% interest, Centerra and Kenorland will form a joint venture in respect of the Hunter Property. In the event a joint venture participant’s interest is diluted to below 10%, it will exchange its joint venture interest for a net smelter return royalty of 2% on currently unencumbered claims and 1.5% on claims currently encumbered by an existing royalty.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (continued)

South Thompson Property, Manitoba, Canada

During the year ended December 31, 2020 and 2022, the Company staked claims located in Manitoba.

Rupert Lithium Property, Quebec, Canada

During the year ended December 31, 2021, the Company staked claims located near James Bay, Quebec (the "Rupert Property").

In July 2021, the Company entered into an option agreement with Li-FT Power Ltd. ("Li-FT"), a private British Columbia company related by way of a common officer, pursuant to which Li-FT has been granted the sole and exclusive option to acquire a 100% interest in the Rupert Property.

In June 2022, Li-FT completed the option agreement by making cash payments of \$200,000 and issuing 1,751,913 common shares of Li-FT to the Company, representing 9.9% of the issued and outstanding shares of Li-FT, and Li-FT began trading on the Canadian Securities Exchange in June 2022. Upon the exercise of the option, Li-FT also granted the Company a 2% net smelter return royalty on the Rupert Property. The parties also entered into an operating agreement whereby Kenorland was engaged by Li-FT to operate the Rupert Property for an initial two-year term.

South Uchi Property, Ontario, Canada

During the year ended December 31, 2021, the Company staked claims located within the Birch-Uchi greenstone Belt, in the Red Lake district of Northwestern Ontario (the "South Uchi Property").

In April 2021, the Company entered into an option agreement to acquire a 100% interest in the property located in Ontario, Canada by completing the following:

	Cash payment (\$)		Common shares (\$)	
April 29, 2021	(paid)	25,000	(issued)	25,000
On or before April 29, 2022	(paid)	50,000	(issued)	50,000
On or before April 29, 2023	(paid subsequently)	100,000	(issued subsequently)	100,000
Total Requirement		175,000		175,000

Upon the exercise of the option, Kenorland will also grant to the optionor a 2% net smelter return royalty on the property, of which one-half (1%) may be purchased by Kenorland at any time for an aggregate payment of \$1,000,000 which may be paid in cash or through the issuance of common shares of Kenorland, at the discretion of the optionor.

In September 2021, the Company entered into a property option agreement (the "Barrick Option Agreement") with a wholly owned subsidiary of Barrick Gold Corporation ("Barrick"). Under the agreement, Barrick has the option to acquire up to an 80% interest in the South Uchi Property. Pursuant to the Barrick Option Agreement, Barrick can earn an initial 70% interest in the South Uchi Property by incurring an aggregate of \$6,000,000 in mineral exploration expenditures on or before the sixth anniversary of the Barrick Option Agreement (of which \$3,000,000 are guaranteed expenditures within the first three years) and deliver a technical report in respect of the South Uchi Property that establishes a mineral resource of at least one million ounces of gold prepared in accordance with the requirements of National Instrument 43-101 of the Canadian Securities Administrators. As part of its exploration expenditures, Barrick will reimburse the Company for its sunk costs (\$150,000 received) in relation to the South Uchi Property and its costs incurred in exercising an underlying option that comprises part of the South Uchi Property.

In January 2023, Barrick terminated the Barrick Option Agreement.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (continued)

Separation Rapids Lithium Property, Ontario, Canada

During the year ended December 31, 2022, the Company staked claims located within the English River domain in the Kenora Mining District of northwestern Ontario (the "Separation Rapids Property").

In March 2022, the Company entered into a property option agreement with Double O Seven Mining Ltd. ("007"), a private British Columbia company. Pursuant to the agreement, Kenorland has agreed to grant 007 the option to acquire up to a 100% interest in the Separation Rapids Property for aggregate payments of \$1,500,000 over 5 years (\$100,000 received). The parties also entered into an operating agreement whereby Kenorland was engaged by 007 to operate the Separation Rapids Property for an initial two-year term. Upon completion of the property option agreement, Kenorland will retain a net smelter return royalty of 2.5%.

Other Properties, Canada

The other properties represent mineral claims that the Company staked during the year in the provinces of British Columbia, Manitoba, Ontario and Quebec, Canada.

In October 2022, the Company entered into a definitive purchase agreement with Jayden Resources Ltd. ("Jayden")(TSX.V: JDN) pursuant to which Jayden will acquire a 100% interest in mineral claims that were staked by the Company in 2022, located within the Kisseynew Domain in northwestern Manitoba (the "Wheatcroft Property").

As consideration for the Wheatcroft Property, Jayden issued 5,557,447 common shares of Jayden, paid \$125,000, and granted a 3% NSR over all of the Wheatcroft Property to the Company at closing. In addition, the Company has the right to receive additional shares in the amount equal to 9.9% of the common shares of Jayden until Jayden has raised an aggregate of not less than \$10 million through future financing. The parties also entered into an operating agreement whereby Kenorland will operate the Wheatcroft Property for an initial two-year term.

Miniac Property, Quebec, Canada

During the year ended December 31, 2020 the Company staked claims within the Miniac Region of Quebec.

In August 2020, the Company entered into a purchase and sale agreement with J2 Metals to sell certain mineral claims in Quebec in exchange for a 15% interest of J2 Metals and a net smelter return royalty of 2%. Prior to closing of the transaction, J2 Metals is required to raise a minimum of \$1,000,000 to fund exploration expenditures on the property. The Company is acting as the operator and is entitled to charge J2 Metals operator fees based on costs incurred in account of exploration on the Miniac Property.

In July 2021, the Company entered into an amending agreement with J2 Metals in connection to the Miniac Property to decrease the exploration expenditure requirement from \$1,000,000 to \$816,000 and removed the ownership interest considered of J2 Metals. J2 Metals was deemed to have met the exploration expenditures requirement and the Company will keep \$181,361 in advances received. As a result, the Company closed the transaction with J2 Metals and transferred the Miniac Property to J2 Metals. As a result of the sale, the Company recorded a gain on sale of mineral claims of \$172,111.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (continued)

Tanacross Property, Alaska, USA

The property is located northeast of Tok, Alaska and was acquired by staking and a payment of \$20,000 to an arm's length vendor in June 2017 (the "Tanacross Property") and Freeport-McMoRan Mineral Properties Inc. held a 1% net smelter royalty in the property.

In July 2022, the Company entered into an earn-in agreement with Antofagasta Minerals S.A. ("Antofagasta"), a wholly owned subsidiary of Antofagasta PLC. Under the agreement, Antofagasta can earn up to a 70% interest in the Tanacross Property by completing the following:

- a) Making cash payments in an aggregate amount of US\$1,000,000 over eight years (US\$50,000 received).
- b) Incurring US\$30,000,000 on exploration over eight years, with a firm commitment to spend US\$1,000,000 in the first year.
- c) Delivering a NI 43-101 compliant preliminary economic assessment report.
- d) Making a success payment of US\$4,000,000 upon exercise of the option.

Once Antofagasta has earned its 70% interest, Kenorland and Antofagasta will form a 30:70 joint venture. If either party's interest in the joint venture falls below 10%, that party's interest will be converted to a 2% NSR, of which 0.5% NSR can be purchased by the other party for US\$2,000,000.

Healy Property, Alaska, USA

Pursuant to the option agreement with Newmont effective July 2018, the Company was entitled to acquire a 70% interest in a property located in Fairbanks Recording District, Alaska, USA (the "Healy Property") upon incurring aggregate expenditures of US\$4,000,000 on the property during the Phase 1 period of the contribution. In December 2021, the Company received acknowledgement it had completed the Phase 1 earn-in. Upon completing the Phase 1 earn-in requirement on the Healy Property, the value of the Company's initial contribution is US\$4,000,000 (70% interest) and the value of optionor's initial contribution is US\$1,715,000 (30% interest). The Company and the optionor shall fund an adopted program on a pro-rata basis in accordance with their respective participating interests.

Napoleon Property, Alaska, USA

The Company held a 100% interest in mining claims located in Fortymile District, Alaska, USA (the "Napoleon Property").

The Napoleon Property is subject to an annual advance royalty payment of US\$1,000 and net smelter returns royalties of 0.5% and 1%, respectively, on the Napoleon Property and areas of interest. One-half of the 0.5% net smelter return royalty may be acquired by the Company at any time, for a one-time payment of US\$500,000 and the 1% net smelter return royalty may be acquired by the Company at any time, for a one-time payment of US\$1,000,000.

In February 2021, the Company entered into a definitive purchase and sale agreement with J2 Metals for the sale of the Napoleon Project. Pursuant to the terms of the agreement, at closing, Kenorland will transfer the shares in its wholly owned subsidiary 1223615 B.C. Ltd., which indirectly owns a 100% interest in the Napoleon Project, to J2 Metals in exchange for:

- a) 15% of the issued and outstanding shares in J2 Metals on a fully diluted basis;
- b) a 1% net smelter return royalty on the Napoleon Project; and \$500,000 in committed expenditures on the Napoleon Project by J2 Metals within 12 months of the effective date pursuant to an operator services agreement in which Kenorland acts as operator on market standard fees.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (continued)

Napoleon Property, Alaska, USA (continued)

In August 2021, the Company closed the definitive purchase and sale agreement with J2 Metals and transferred the shares in its wholly owned subsidiary 1223615 B.C. Ltd., which indirectly owns a 100% interest in the Napoleon Project to J2 Metals. In exchange, the Company received 8,107,480 shares of J2 Metals with a fair value of \$810,748. As a result of the sale, the Company recorded a gain on sale of mineral properties of \$641,834.

Sakassou Property, Ivory Coast

In June 2021, the Company's former subsidiary, Koulou Gold, entered into a property earn-in agreement with Global Mineraie SA., ("GMSA") to acquire up to 100% of a property located in the Ivory Coast (the "Sakassou Property"). Koulou Gold is entitled to acquire a 100% interest in the Sakassou Property upon completion of making aggregate cash payment totaling US\$5,600,000, making a cash payment of US\$66,000 to a third party vendor, issuing US\$500,000 in Koulou Gold shares, and incurring US\$10 million in exploration expenditures.

In September 2021, the Company no longer held a controlling interest in Koulou Gold (Note 5); as such, the Sakassou Property was no longer consolidated into the accounts of the Company.

Advances Received

The balances of excess funding received from optionees and joint venturers are as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Chebistuan	1,726,135	407,093
Chicobi	842,472	302,295
Frotet	2,370,689	1,260,542
Hunter	295,610	-
Rupert	-	15,360
Separation Rapids	164,302	-
Tanacross	597,541	-
	5,996,749	1,985,290

KENORLAND MINERALS LTD.

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7. EQUIPMENT

	Computer equipment	Furniture & equipment	Leasehold improvement	Total
	\$	\$	\$	\$
Cost:				
At December 31, 2020 and 2021	12,736	9,149	-	21,885
Additions	3,579	-	9,349	12,928
At December 31, 2022	16,315	9,149	9,349	34,813
Depreciation:				
At December 31, 2020	4,997	1,505	-	6,502
Charge for the year	4,258	1,528	-	5,786
At December 31, 2021	9,255	3,033	-	12,288
Charge for the year	2,900	1,224	933	5,057
At December 31, 2022	12,155	4,257	933	17,345
Net book value:				
At December 31, 2021	3,481	6,116	-	9,597
At December 31, 2022	4,160	4,892	8,416	17,468

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Commencing June 2019, the Company entered into a three-year term lease agreement for office space in Vancouver, British Columbia. In January 2020, the Company entered into a thirty-month lease agreement for office space in Vancouver, British Columbia.

Right-of-Use Assets

	Office leases
	\$
Cost:	
Balance, December 31, 2020, 2021 and 2022	78,107
Depreciation:	
Balance, December 31, 2020	39,065
Charge for the year	27,557
Balance, December 31, 2021	66,622
Charge for the year	11,485
Balance, December 31, 2022	78,107
Net book value:	
Balance, December 31, 2021	11,485
Balance, December 31, 2022	-

Depreciation of right-of-use asset is calculated using the straight-line method over the lease term.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease Liabilities

	\$
At December 31, 2020	40,974
Lease payments made	(30,464)
Interest expense on lease liabilities	1,965
At December 31, 2021	12,475
Lease payments made	(12,695)
Interest expense on lease liabilities	220
At December 31, 2022	-

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022	December 31, 2021
	\$	\$
Accounts payable	1,340,778	907,361
Accrued liabilities	488,220	355,865
Payroll taxes payable	36,406	17,863
	1,865,404	1,281,089

10. GOVERNMENT LOANS PAYABLE

As at December 31, 2021, the Company and one of its subsidiaries have applied and received two loans - \$60,000 and \$40,000, respectively, from the federal government of Canada under the Canada Emergency Business Account (“CEBA”) program. If both loans are fully repaid by December 31, 2023, a total of \$30,000 will be forgiven. During the year ended December 31, 2022, the Company repaid \$70,000 to the CEBA program and recognized \$30,000 loan forgiven as other income.

11. SHARE CAPITAL AND RESERVES

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements
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11. SHARE CAPITAL AND RESERVES (continued)

Issued Share Capital

During the year ended December 31, 2021:

- a) The Company issued 710,000 common shares in connection with the exercise of stock options for proceeds of \$87,000. The Company reallocated \$63,856 from reserves to share capital in connection with the exercise of these options.
- b) The Company issued 72,622 common shares in connection with the exercise of warrants for proceeds of \$50,837. The Company reallocated \$35,912 from reserves to share capital in connection with the exercise of these warrants.
- c) The Company issued 35,714 common shares in connection to the property option agreements for the South Uchi Property valued at \$32,143 (Note 6).
- d) The Company closed the strategic investment by SMMCL and issued 5,211,945 common shares to SMMCL at a price of \$1.00 per share for aggregate gross proceeds of \$5,211,945. The Company incurred expenses of \$50,586 related to the financing.

During the year ended December 31, 2022:

- a) The Company issued 66,083 common shares in connection to the property option agreements for the South Uchi Property valued at \$48,241 (Note 6).
- b) The Company closed a private placement and issued 10,703,593 common shares at a price of \$0.70 per share for aggregate gross proceeds of \$7,492,515. The Company incurred expenses of \$266,285 related to the financing.
- c) The Company issued 150,000 common shares at \$0.69 per share for 150,000 RSUs vested.
- d) The Company issued 50,000 common shares in connection with the exercise of stock options for proceeds of \$12,500. The Company reallocated \$9,293 from reserves to share capital in connection with the exercise of these options.
- e) The Company issued 16,852 shares to SMMCL at 0.72 per share for proceeds of \$12,133 in connection to the investor rights agreements as part of the strategic investment by SMMCL.

As at December 31, 2022, the Company has 8,487,002 shares subject to escrow pursuant to the requirements of the TSX-V, which will be released through January 2024.

Stock Options

The Company's incentive plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 11,504,618 shares at the time of granting. The exercise price and vesting terms of stock options are determined by the Board of Directors of the Company at the time of grant.

In February 2021, the Company granted 740,000 stock options with a total value of \$520,377 to directors, employees and consultants of the Company. All options granted are exercisable at a price of \$1.00 per share for a period of five years. The options vest 25% immediately followed by 25% every 6 months thereafter.

During the year ended December 31, 2021, the Company recognized share-based compensation of \$679,003. In addition, the Company cancelled 200,000 stock options and reclassified \$19,414 attributed to these stock options from reserves to deficit.

In February 2022, the Company granted 1,375,000 stock options with a total value of \$813,217 to directors, officers, and employees of the Company. All options granted are exercisable at a price of \$0.70 per share for a period of five years. The options vest 25% immediately followed by 25% every 6 months thereafter.

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11. SHARE CAPITAL AND RESERVES (continued)

Stock Options (continued)

During the year ended December 31, 2022, the Company recognized share-based compensation of \$848,289.

The following weighted average assumptions were used in the Black-Scholes option-pricing model for the valuation of the stock options granted:

	For the year ended December 31,	
	2022	2021
Risk-free interest rate	1.79%	0.73%
Dividend yield	Nil	Nil
Expected life	5 years	5 years
Volatility	125%	125%
Weighted average fair value per option granted	\$0.59	\$0.70

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
		\$
Balance, December 31, 2020	7,049,997	0.21
Granted	740,000	1.00
Exercised	(710,000)	0.12
Cancelled	(200,000)	0.25
Balance, December 31, 2021	6,879,997	0.30
Granted	1,375,000	0.70
Cancelled	(225,000)	0.83
Exercised	(50,000)	0.25
Balance, December 31, 2022	7,979,997	0.36

A summary of the stock options outstanding and exercisable at December 31, 2022 is as follows:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price	Expiry Date
		\$	
800,000	800,000	0.075	October 19, 2023
249,997	249,997	0.70	August 22, 2024
200,000	200,000	0.25	September 15, 2024
140,000	140,000	0.075	October 2, 2024
700,000	700,000	0.15	December 1, 2024
3,200,000	2,100,000	0.25	March 2, 2025
800,000	800,000	0.15	July 1, 2025
640,000	640,000	1.00	February 4, 2026
1,250,000	625,000	0.70	February 14, 2027
7,979,997	6,254,997		

As at December 31, 2022, the Company has 1,287,000 options subject to escrow pursuant to the requirements of the TSX-V, which will be released through January 2024.

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11. SHARE CAPITAL AND RESERVES (continued)

Restricted Share Units

The Company's incentive plan provides for the issuance of restricted share units ("RSUs") to its officers, directors, employees and consultants. RSUs are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to RSUs may not exceed 1,000,000 shares at the time of granting. Upon vesting, the holder of an RSU award can elect to receive one common share or the equivalent cash payment based on the market price of the common share on settlement.

In September 2022, 1,000,000 RSUs vested at a total value of \$690,000 and the Company paid \$586,500 in cash and issued 150,000 shares at \$0.69 per share. During the year ended December 31, 2022, the Company recorded share-based compensation expense of \$79,544 (2021 - \$189,836). As at December 31, 2022, the Company has a RSU liability of \$nil (2021 - \$610,456).

RSU transactions are summarized as follows:

	Number of RSUs
Balance, December 31, 2020 and 2021	1,000,000
Vested	(1,000,000)
Balance, December 31, 2022	-

Share Purchase Warrants

During the year ended December 31, 2022, 197,410 (2021 - \$178,236) warrants expired unexercised, as a result, the Company reclassified \$123,183 (2021 - \$88,372) attributed to these warrants from reserves to share capital.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, December 31, 2020	1,876,833	0.73
Exercised	(72,622)	0.70
Expired	(178,236)	0.70
Balance, December 31, 2021	1,625,975	0.74
Expired	(197,410)	1.00
Balance, December 31, 2022	1,438,564	0.70

A summary of the warrants outstanding and exercisable at December 31, 2022 is as follows:

Number of Warrants	Exercise Price	Expiry Date
	\$	
428,571	0.70	September 15, 2023
999,994	0.70	March 19, 2024
1,438,564		

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12. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

	For the year ended December 31,	
	2022	2021
Numerator		
Net income attributable to shareholders	\$ 16,240,960	\$ 1,111,664
Denominator		
For basic-weighted average number of common shares outstanding	54,741,225	46,974,534
Effect of dilutive stock options, warrants and RSUs	4,360,985	5,858,930
For diluted weighted average number of common shares outstanding	59,102,210	52,833,464
Earnings per common share		
Basic	\$ 0.30	\$ 0.02
Diluted	\$ 0.27	\$ 0.02

13. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Company entered into the following transactions with related parties, as not disclosed elsewhere in the consolidated financial statements.

- The Company completed the option agreement with Li-FT, a company related by way of a former common officer, and received cash payments of \$200,000 and 1,751,913 common shares of Li-FT. In addition, the Company earned revenue of \$223,340 from Li-FT.
- The Company earned revenue of \$4,620 from a company related by way of a common officer and a common director.
- As at December 31, 2022, \$264,282 (2021 - \$20,561) was included in accounts payable and accrued liabilities owing to officers and director of the Company in relation to salaries and benefits and reimbursement of expenses.

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers and related companies. Summary of key management personnel compensation (includes officers and directors of the Company):

	For the year ended December 31,	
	2022	2021
	\$	\$
Management fees	87,000	79,500
Salaries and benefits	888,834	300,000
Share-based compensation	641,560	536,841
	1,617,394	916,341

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14. NON-CONTROLLING INTEREST

During the year ended December 31, 2021, the changes in the Company's ownership of Koulou Gold were as follows as discussed in Note 5:

- In March 2021, the Company acquired 58% ownership of Koulou Gold by share purchases;
- In April 2021, the Company entered into a share purchase agreement whereby Koulou Gold acquired a 100% interest in 1255141 B.C. Ltd. (formerly Kenorland Minerals Africa Ltd.). As consideration, the Company received 5,000,000 shares of Koulou Gold for its 50% ownership in 1255141 B.C. Ltd. The Company's interest in Koulou Gold decreased from 58% to 53%; and
- In September 2021, Koulou Gold completed a private placement that diluted the Company's ownership in Koulou Gold from 53% to 20%, which led to a loss of control and deconsolidation of Koulou Gold from the Company's consolidated financial statements (Note 5).

The following table presents the changes in equity attributable to the non-controlling interest in Koulou Gold:

	\$
Balance, December 31, 2020	-
Initial recognition of non-controlling interest of Koulou Gold	120,147
Change in non-controlling interest as a result of increase in ownership of non-controlling interest	14,130
Share of comprehensive loss during the consolidated period	(104,065)
Elimination of non-controlling interest	(30,212)
Balance, December 31, 2021	-

15. FINANCIAL INSTRUMENTS

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 for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The fair value of the Company's receivables, accounts payable and accrued liabilities, advances received, and government loans payable approximates their carrying values. The Company's cash and cash equivalents, listed company investments and RSU liability are measured at fair value using Level 1 inputs. The Company's private company investments and investments in warrants are measured at fair value using Level 3 inputs. The carrying value of the Company's lease liabilities is measured at the present value of the discounted future cash flows.

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15. FINANCIAL INSTRUMENTS (continued)

For Level 3 inputs, specific valuation techniques used to fair value financial instruments, specifically those that are not quoted in an active market, as such the Company utilized a market approach:

- The use of quoted market prices in active or other public markets.
- The use of most recent transactions of similar instruments.
- Changes in expected technical milestones of the investee.
- Changes in management, strategy, litigation matters or other internal matters.
- Significant changes in the results of the investee compared with the budget, plan, or milestone.

As at December 31, 2022, the Company's private company equity investments of \$1,077,248 (2021 - \$1,077,248) were recorded at fair value which was equivalent to amounts paid to acquire the investments. There were no transfers between levels 2 and 3 during the year ended December 31, 2022 and 2021.

Financial Risk Factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) **Currency risk**

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at December 31, 2022, the Company had a foreign currency net monetary asset position of approximately US\$1,163,000. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$116,300.

b) **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash and cash equivalents is held in a large Canadian financial institution. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's sales tax receivable is due from the Government of Canada and Revenue Quebec therefore, the credit risk exposure is low.

As at December 31, 2022, the maximum exposure to credit risk is the carrying value of the trade accounts receivable. The Company has not provided for an expected credit loss as management believes the receivables are fully collectible.

c) **Interest rate risk**

The Company has cash and cash equivalents balances and minimal interest-bearing government loans payable. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks or credit unions.

d) **Commodity Price risk**

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold. The Company monitors metals prices to determine the appropriate course of action to be taken.

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15. FINANCIAL INSTRUMENTS (continued)

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board are actively involved in the review, planning, and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

f) Market price risk

Market price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

16. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the year.

17. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the year ended December 31,	
	2022	2021
	\$	\$
Non-cash transactions		
Exploration and evaluation asset expenditures in accounts payable	633,624	1,007,046
Shares issued for exploration and evaluation assets	48,241	32,143
Options exercised	9,293	63,856
Warrants exercised	-	35,912
Options cancelled	126,548	19,414
Warrants expired	123,183	88,372
Shares issued for RSUs vested	103,500	-

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18. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of mineral properties. Geographic information is as follows:

As at December 31, 2022			
	Canada	USA	Total
	\$	\$	\$
Exploration and evaluation assets	5,724,335	7,901,774	13,626,109
Equipment	17,468	-	17,468
	5,741,803	7,901,774	13,643,577

As at December 31, 2021			
	Canada	USA	Total
	\$	\$	\$
Exploration and evaluation assets	2,878,129	7,714,684	10,592,813
Equipment	9,597	-	9,597
Right-of-use asset	11,485	-	11,485
	2,899,211	7,714,684	10,613,895

19. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2022	2021
	\$	\$
Income for the year	18,955,468	1,007,599
Expected tax	5,023,000	267,000
Change in statutory, foreign tax, foreign exchange rates and other	243,608	1,000
Permanent differences	(2,027,000)	81,000
Share issue cost	(74,000)	(14,000)
Adjustment to prior years provision versus statutory tax returns	(9,000)	(436,000)
Change in unrecognized deductible temporary differences	(442,000)	101,000
Total Income tax expense	2,714,608	-
Current income tax expense	389,608	-
Deferred income tax expense	2,325,000	-
Total Income tax expense	2,714,608	-

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19. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2022	2021
	\$	\$
Deferred tax assets (liabilities)		
Property and equipment	(1,000)	(16,000)
Exploration and evaluation assets	(1,093,000)	(133,000)
Investment in equity instruments	(1,186,000)	(154,000)
Investment in associates	(133,000)	-
Share issue costs	73,000	-
Non-capital losses	15,000	303,000
Net deferred tax liabilities	(2,325,000)	-

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

	2022	Expiry Date Range	2021	Expiry Date Range
	\$		\$	
Temporary Differences				
Share issuance costs	-		137,000	2038 to 2039
Non-capital losses available for future periods				
Canada	-		1,504,000	2036 to 2041
USA	85,000	No expiry date	84,000	No expiry date

20. SUBSEQUENT EVENTS

- In January 2023, the Company granted 2,850,000 stock options to directors, officers, employees and consultants exercisable at a price of \$0.82 for a period of five years. The options vest one-third immediately, followed by one-third every year thereafter.
- In January 2023, Barrick terminated the Barrick Option Agreement related to the South Uchi Property and the Company regained 100% control of the property (Note 6).
- In January 2023, the Company closed the definitive purchase agreement entered into in December 2022 with Targa Exploration Corp. ("Targa") pursuant to which Targa acquired 100% interest in and to the Opinaca lithium project located within the James Bay region of northern Quebec (the "Opinaca Project"), along with rights to two mineral exploration license applications in eastern Manitoba (the "Superior Project" and together with the Opinaca Project, the "Targa Projects").

As consideration for the Targa Projects, Targa issued 4,377,375 common shares of Targa, paid \$100,000, and granted a 3% NSR over all of the Targa Projects to the Company. In addition, the Company has the right to receive additional shares in the amount equal to 9.9% of the common shares of Targa until Targa has raised an aggregate of not less than \$5 million through future financing. The parties also entered into an operating agreement whereby Kenorland will operate the Targa Projects for an initial two-year term.