



**KENORLAND MINERALS LTD.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

**(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)**

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## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars - Unaudited)

	Note	March 31, 2022 \$	December 31, 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		7,652,836	9,418,796
Receivables	3	2,368,987	1,898,063
Prepaid expenses		155,701	113,071
		<b>10,177,524</b>	<b>11,429,930</b>
<b>Investment in equity instruments</b>	4	1,345,828	1,217,807
<b>Investment in associate</b>	5	1,174,361	1,217,157
<b>Exploration and evaluation assets</b>	6	11,673,857	10,592,813
<b>Equipment</b>		21,261	9,597
<b>Right-of-use assets</b>		4,595	11,485
		<b>24,397,426</b>	<b>24,478,789</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	2,438,450	1,281,089
Advances received	6	859,114	1,985,290
Current portion of lease liabilities		5,033	12,475
		<b>3,302,597</b>	<b>3,278,854</b>
<b>RSU liability</b>	9	668,613	610,456
<b>Government loans payable</b>	8	100,000	100,000
		<b>4,071,210</b>	<b>3,989,310</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	23,091,109	23,091,109
Reserves	9	3,000,682	2,635,983
Deficit		(5,765,575)	(5,237,613)
		<b>20,326,216</b>	<b>20,489,479</b>
		<b>24,397,426</b>	<b>24,478,789</b>

**Nature and continuance of operations (Note 1)**

Approved and authorized for issuance by the Board of Directors on May 30, 2022.

“Jessica Van Den Akker”  
Director

“Jay Sujir”  
Director

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

**KENORLAND MINERALS LTD.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars - Unaudited)

		For the three months ended March 31,	
	Note	2022	2021
		\$	\$
<b>Revenue</b>		431,190	231,084
<b>Operating expenses</b>			
Conference and marketing		65,935	141,783
Consulting		23,700	33,146
Depreciation		8,154	8,336
Foreign exchange loss		5,331	10,036
Insurance		11,383	15,182
Interest on lease liabilities		176	677
Management fees	10	25,500	19,500
Office expenses		33,405	26,507
Professional fees		61,636	105,497
Project generation		3,587	45,566
Salaries and benefits	10	352,748	254,948
Share-based compensation	9, 10	422,856	320,652
Transfer agent and filing fees		14,783	16,762
Travel and related		15,214	1,631
		(1,044,408)	(1,000,223)
<b>Loss from operations</b>		(613,218)	(769,139)
<b>Other income (expenses)</b>			
Gain on sales of mineral claims	4	100,000	100,000
Interest and other income		31	60
Loss on consolidation	5	-	(12,196)
Net change in fair value of investments	4	28,021	581,164
Gain on sale of equity investment	4	-	78,277
Equity loss in associated companies	5	(42,796)	-
		85,256	747,305
<b>Loss and comprehensive loss for the period</b>		(527,962)	(21,834)
<b>Basic and diluted loss per share</b>		(0.01)	(0.00)
<b>Weighted average number of common shares outstanding (basic and diluted)</b>		51,603,418	45,844,470

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

**KENORLAND MINERALS LTD.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars - Unaudited)

	Number of Shares Issued	Share Capital	Reserves	Deficit	Non- controlling interest	Total Shareholders' Equity
		\$	\$	\$	\$	\$
<b>Balance, December 31, 2020</b>	<b>45,573,137</b>	<b>17,571,630</b>	<b>2,164,534</b>	<b>(6,368,691)</b>	-	<b>13,367,473</b>
Options exercised	360,000	83,311	(34,311)	-	-	49,000
Warrants exercised	9,999	11,945	(4,945)	-	-	7,000
Share-based compensation	-	-	288,809	-	-	288,809
Options cancelled	-	-	(19,414)	19,414	-	-
Non-controlling interest	-	-	-	-	120,147	120,147
Net loss for the period	-	-	-	(21,834)	-	(21,834)
<b>Balance, March 31, 2021</b>	<b>45,943,136</b>	<b>17,666,886</b>	<b>2,394,673</b>	<b>(6,371,111)</b>	<b>120,147</b>	<b>13,810,595</b>
Shares issued for cash	5,211,945	5,211,945	-	-	-	5,211,945
Share issuance costs	-	(50,586)	-	-	-	(50,586)
Options exercised	350,000	67,545	(29,545)	-	-	38,000
Warrants exercised	62,623	74,804	(30,967)	-	-	43,837
Warrants expired	-	88,372	(88,372)	-	-	-
Shares issued for exploration and evaluation assets	35,714	32,143	-	-	-	32,143
Share-based compensation	-	-	390,194	-	-	390,194
Non-controlling interest	-	-	-	-	(16,082)	(16,082)
Net loss for the period	-	-	-	1,133,498	(104,065)	1,029,433
<b>Balance, December 31, 2021</b>	<b>51,603,418</b>	<b>23,091,109</b>	<b>2,635,983</b>	<b>(5,237,613)</b>	-	<b>20,489,479</b>
Share-based compensation	-	-	364,699	-	-	364,699
Net loss for the period	-	-	-	(527,962)	-	(527,962)
<b>Balance, March 31, 2022</b>	<b>51,603,418</b>	<b>23,091,109</b>	<b>3,000,682</b>	<b>(5,765,575)</b>	-	<b>20,326,216</b>

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

**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended March 31,	
	2022	2021
	\$	\$
<b>Cash flows used in operating activities</b>		
Loss for the period	(527,962)	(21,834)
Adjustments for items not affecting cash:		
Depreciation	8,154	8,336
Loss on consolidation	-	12,196
Net change in fair value of investments	(28,021)	(581,164)
Gain on sale of equity investments	-	(78,277)
Gain on sale of mineral claims	(100,000)	(100,000)
Share-based compensation	422,856	320,652
Interest on lease liabilities	176	677
Equity loss in associated companies	42,796	-
Change in non-cash working capital items		
Receivables	(470,924)	(165,401)
Prepaid expenses	(42,630)	(329,519)
Accounts payable and accrued liabilities	47,512	(1,792,351)
	(648,043)	(2,726,685)
<b>Cash flows used in investing activities</b>		
Exploration and evaluation assets expenditures	(3,798,218)	(1,756,768)
Advances received for exploration and evaluation assets expenditures	2,700,847	3,015,000
Purchase of equipment	(12,928)	-
Cash acquired on consolidation of investment	-	287,951
Investments in equity instruments	-	(220,000)
Proceeds from sales of equity instruments	-	390,277
	(1,110,299)	1,716,460
<b>Cash flows provided by financing activities</b>		
Options exercised	-	49,000
Warrants exercised	-	7,000
Repayment of lease liabilities	(7,618)	(7,616)
Government loan payable	-	20,000
	(7,618)	68,384
<b>Change in cash</b>	(1,765,960)	(941,841)
<b>Cash, beginning of the period</b>	9,418,796	12,544,941
<b>Cash, end of the period</b>	<b>7,652,836</b>	<b>11,603,100</b>
<b>Non-cash transactions</b>		
Exploration and evaluation asset in accounts payable	2,116,895	1,048,973
Options exercised	-	34,311
Warrants exercised	-	4,945

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

# **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

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## **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 “NWRFCF”, respectively.

The head office of the Company is located at 310 – 119 West Pender Street, Vancouver B.C., V6B 1S5 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 condensed interim 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 March 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. These condensed interim 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 condensed interim consolidated financial statements.

### **Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2021 and 2020.

These condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on May 30, 2022.



## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

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

#### Basis of consolidation

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

Name	Jurisdiction	Percentage owned	
		March 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. ("1118892")	Canada	100%	100%
Kenorland Minerals USA Inc. ("KUSA")	USA	100%	100%

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 period.

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 influence over companies, 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:

#### 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.

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Use of estimates (continued)**

##### 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).

##### Uncertainty of COVID-19 pandemic

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies, and financial markets globally, leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm the Company's business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

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 Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

### 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.

#### Standards issued or amended but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

### 3. RECEIVABLES

	March 31, 2022	December 31, 2021
Accounts receivable	\$ 62,131	\$ 168,118
Accrued receivable	207,785	207,785
Sales tax receivable	2,099,071	1,522,160
	<b>2,368,987</b>	<b>1,898,063</b>

### 4. INVESTMENTS

#### Kingfisher Metals Corp.

In April 2020, the Company acquired 500,000 shares of Kingfisher Metals Corp. ("Kingfisher") at a value of \$0.10 per share in exchange for certain mineral claims owned by the Company that were previously expensed. The Company recognized a gain of \$50,000 on this transaction.

In June 2020, the Company acquired 1,000,000 shares of Kingfisher at a value of \$0.10 per share in exchange for certain mineral claims owned by the Company. The Company will receive additional shares with a value of \$100,000 upon the date of the first anniversary date Kingfisher commences trading on the TSX-V. In March 2022, the Company received 500,000 shares of Kingfisher with a value of \$100,000.

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 equity investments of \$443,529. In addition, the Company recorded a net increase in fair value of investments of \$40,000. During the three months ended March 31, 2022, the Company recorded a net decrease in fair value of investments of \$6,000 (March 31, 2021 - net increase of \$552,000). As at March 31, 2022, the fair market value of the 700,000 shares was \$154,000 (December 31, 2021 - 200,000 shares at \$60,000).

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

### 4. INVESTMENTS (continued)

#### Troilus Gold Corp.

In June 2020, the Company acquired 1,200,000 units of Urbangold Minerals Inc. ("Urbangold") at a price of \$0.125 per share for a total price of \$150,000. Each unit consisted of one share and one warrant with each warrant exercisable into one common share at an exercise price of \$0.20 per share for three years.

The warrants were valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

	For the three months ended March 31,	
	2022	2021
Risk-free interest rate	1.96%	0.22%
Dividend yield	Nil	Nil
Expected life	1.2 years	2.2 years
Volatility	50%	123%

In May 2021, Urbangold was acquired by Troilus Gold Corp. ("Troilus") and as a result, the Company received 360,480 Troilus warrants in exchange for 1,200,000 Urbangold warrants. During the year ended December 31, 2021, the Company sold 1,200,000 Urbangold shares for total proceeds of \$255,588 and recorded a realized loss on sale of equity investments of \$26,412. In addition, the Company recorded a net decrease in fair value of investments of \$118,758.

During the three months ended March 31, 2022, the Company recorded a net increase in fair value of investments of \$34,021 (March 31, 2021 - net increase of \$29,164). As at March 31, 2022, the fair market value of the warrants was \$114,580 (December 31, 2021 - \$80,559).

#### Superior Nickel Inc.

In June 2021, the Company acquired 2,665,000 shares of Superior Nickel Inc. ("Superior") at a value of \$0.10 per share in exchange for certain mineral claims owned by the Company that were previously written-off. As a result, the Company recognized a gain on sale of mineral claims of \$266,500. Superior also granted a 2% net smelter return royalty on these mineral claims. As at March 31, 2022, the shares were valued at \$266,500 (December 31, 2021 - \$266,500).

#### J2 Metals Inc.

In August 2021, the Company closed the definitive purchase and sale agreement with J2 Metals Inc. (formerly 1247667 BC Ltd.) ("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 at March 31, 2022, the shares were valued at \$810,748 (December 31, 2021 - \$810,748).

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

### 5. INVESTMENT IN ASSOCIATES

A reconciliation of the Company's investments in associates is as follows:

	Prospector	Koulou	Total
	\$	\$	\$
<b>Balance as at December 31, 2020</b>	-	-	-
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)
<b>Balance as at December 31, 2021</b>	794,899	422,258	1,217,157
Equity loss	(11,171)	(31,625)	(42,796)
<b>Balance as at March 31, 2022</b>	<b>783,728</b>	<b>390,633</b>	<b>1,174,361</b>

#### 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 March 31, 2022 and loss and comprehensive loss for the period from January 1, 2022 to March 31, 2022 are as follows:

	\$
Cash	1,853,291
Other current assets	6,096
Non-current assets	182,000
Total assets	2,041,387
Current liabilities	(50,967)
Net assets	1,990,420
Loss and comprehensive loss for the period	(28,370)
Company's share of loss during the period	(11,171)

#### 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 Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

### 5. INVESTMENT IN ASSOCIATES (continued)

Koulou's financial information as at March 31, 2022 and loss and comprehensive loss for the period from January 1, 2022 to March 31, 2022 are as follows:

	\$
Cash	1,579,978
Other current assets	15,311
Non-current assets	419,268
Total assets	2,014,557
Current liabilities	(25,551)
Net assets	1,989,006
Loss and comprehensive loss for the period	(157,316)
Company's share of loss during the period	(31,626)

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
<b>Initial recognition of the investment in associate on September 9, 2021</b>	<b>\$ 900,000</b>

  

	Amount
Initial investment	\$ 180,000
Loss on consolidation (change in ownership interest 58% to 53%)	(26,326)
Subtotal	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 gain on deconsolidation of \$839,098 recognized on the statement of income (loss) and comprehensive income (loss).

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

### 6. EXPLORATION AND EVALUATION ASSETS

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

	Chicobi	Frotet	Lac Fagnant	Chebistuan	O'Sullivan	Miniac	Hunter	Talbot Lake	Rupert
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31, 2020</b>	<b>82,106</b>	<b>182,904</b>	<b>17,967</b>	<b>300,538</b>	<b>352,034</b>	<b>9,250</b>	<b>54,103</b>	<b>1,850</b>	<b>-</b>
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
<b>Balance as at December 31, 2021</b>	<b>82,107</b>	<b>1,669,913</b>	<b>21,830</b>	<b>214,708</b>	<b>281,800</b>	<b>-</b>	<b>335,480</b>	<b>28,546</b>	<b>-</b>

## KENORLAND MINERALS LTD.

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For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

### 6. EXPLORATION AND EVALUATION ASSETS (continued)

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



**KENORLAND MINERALS LTD.**

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**6. EXPLORATION AND EVALUATION ASSETS (continued)**

	Chicobi	Frotet	Lac Fagnant	Chebistuan	O'Sullivan	Hunter	Talbot Lake	Rupert
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31, 2021</b>	<b>82,107</b>	<b>1,669,913</b>	<b>21,830</b>	<b>214,708</b>	<b>281,800</b>	<b>335,480</b>	<b>28,546</b>	<b>-</b>
Exploration expenditures:								
Assays	1,111	187,269	-	26,382	6,780	-	-	12,036
Camp and heavy equipment	17,671	265,893	-	-	-	-	-	-
Consulting and personnel	125,761	1,177,263	-	3,574	-	15,110	-	17,500
Drilling	302,064	1,615,993	-	-	-	-	-	-
Fuel	134	75,984	-	-	-	-	-	-
Geophysics	19,095	154,333	-	116,544	-	-	-	-
Helicopter and fixed wing	-	-	-	9,293	-	-	-	-
Site development and reclamation	19,189	7,779	-	-	240	11,824	-	840
Staking and claim maintenance	1,342	48,538	-	720	-	138	-	69
Supplies	56,991	192,021	-	-	-	-	-	-
Travel and accommodations	3,578	57,287	-	-	-	1,354	-	-
	546,936	3,782,360	-	156,513	7,020	28,426	-	30,445
Contribution received from optionees	(546,936)	-	-	(156,513)	-	-	-	(30,445)
Contribution from joint venture partner	-	(3,093,129)	-	-	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>82,107</b>	<b>2,359,144</b>	<b>21,830</b>	<b>214,708</b>	<b>288,820</b>	<b>363,906</b>	<b>28,546</b>	<b>-</b>

**KENORLAND MINERALS LTD.**

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**6. EXPLORATION AND EVALUATION ASSETS (continued)**

	South Uchi	Separation	Others	Total Canada	Tanacross	Healy	Total USA	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31, 2021</b>	<b>243,745</b>	-	-	<b>2,878,129</b>	<b>1,675,888</b>	<b>6,038,796</b>	<b>7,714,684</b>	<b>10,592,813</b>
Exploration expenditures:								
Assays	-	-	-	233,579	22,904	39,111	62,015	295,594
Camp and heavy equipment	-	-	-	283,563	-	-	-	283,563
Consulting and personnel	-	-	-	1,339,208	82	229	311	1,339,519
Drilling	-	-	-	1,918,057	-	-	-	1,918,057
Fuel	-	-	-	76,118	-	-	-	76,118
Geophysics	-	-	113,551	403,523	-	-	-	403,523
Helicopter and fixed wing	-	-	-	9,293	-	-	-	9,293
Site development and reclamation	-	-	-	39,872	-	171	171	40,043
Staking and claim maintenance	-	93,850	82,254	226,911	100	-	100	227,011
Supplies	-	-	-	249,012	3,862	253	4,115	253,127
Travel and accommodations	-	-	-	62,219	-	-	-	62,219
	-	93,850	195,805	4,841,355	26,948	39,764	66,712	4,908,067
Contribution received from optionees	-	-	-	(733,894)	-	-	-	(733,894)
Contribution from joint venture partner	-	-	-	(3,093,129)	-	-	-	(3,093,129)
<b>Balance as at March 31, 2022</b>	<b>243,745</b>	<b>93,850</b>	<b>195,805</b>	<b>3,892,461</b>	<b>1,702,836</b>	<b>6,078,560</b>	<b>7,781,396</b>	<b>11,673,857</b>

## **KENORLAND MINERALS LTD.**

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### **6. EXPLORATION AND EVALUATION ASSETS (continued)**

#### **Chicobi Property, Quebec, Canada**

The Company holds 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 ("SMCL"). Under the agreement, SMCL can earn up to a 70% interest in the Chicobi Property by making exploration expenditures as follows:

- a) to acquire an undivided 51% interest, SMCL must fund an aggregate of \$4.9 million in expenditures on the Chicobi Property on or before May 31, 2022 (funded).
- b) to acquire an additional undivided 19% interest (for a total undivided interest of 70%), SMCL 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 accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees based on costs incurred in account of exploration on the Chicobi property until SMCL acquires the first 51% interest in the property. As at March 31, 2022, the excess funding received of \$427,025 (December 31, 2021 - \$302,295) has been allocated to advances received.

#### **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 SMCL. Under the agreement, SMCL can earn up to an 80% interest in the Frotet Property by making exploration expenditures as follows:

- a) to acquire an undivided 65% interest, SMCL 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%), SMCL 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). SMCL 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 Condensed Interim Consolidated Financial Statements  
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### **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 SMCL 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 subsequently); and \$400,000 on the third anniversary.
- 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, SMCL 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 SMCL will fund future exploration expenditures based on a 20/80 basis and the Company will remain the operator. As at March 31, 2022, the excess funding received of \$46,594 (December 31, 2021 - \$1,260,542) has been allocated to advances received.

#### **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 the northern region of the prolific Abitibi Greenstone Belt in Quebec and was acquired by nominal staking costs and a payment of \$10,800 to arm's length vendors.

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.

As at March 31, 2022, the excess funding received of \$250,580 (December 31, 2021 - \$407,093) has been allocated to advances received.

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

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### **6. EXPLORATION AND EVALUATION ASSETS (continued)**

#### **O'Sullivan Property, Quebec, Canada**

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

#### **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 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 returns royalty of 2% on currently unencumbered claims and 1.5% on claims currently encumbered by an existing royalty.

#### **Talbot Lake Property, Manitoba, Canada**

During the year ended December 31, 2020, 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 pursuant to which Li-FT has been granted the sole and exclusive option to acquire a 100% interest in the Rupert Property.

In order to exercise the option, Li-FT will make aggregate cash payments of \$200,000 (received) and issue common shares representing 9.9% of the issued and outstanding shares of Li-FT at the time of closing and from time to time until the shares of Li-FT are directly or indirectly listed on a recognized stock exchange in North America, Australia or the United Kingdom. Upon the exercise of the option, Kenorland will be granted a 2% net smelter return royalty on the Rupert Property. The parties will also enter into an operating agreement whereby Kenorland will be engaged by Li-FT to operate the Property for an initial two year term.

As at March 31, 2022, the excess funding received of \$134,915 (December 31, 2021 - \$15,360) has been allocated to advances received.

## KENORLAND MINERALS LTD.

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

#### 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 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		(issued	
On or before April 29, 2023	subsequently)	50,000	subsequently)	50,000
		100,000		100,000
<b>Total Requirement</b>		<b>175,000</b>		<b>175,000</b>

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 (\$50,000 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.

#### Separation Lithium Property, Ontario, Canada

During the three months ended March 31, 2022, the Company staked claims located within the English River domain in the Kenora Mining District of northwestern Ontario.

In March 2022, the Company entered into a property option agreement with Double O Seven Resources Ltd. ("Double O"), a private British Columbia company. Pursuant to the agreement, Kenorland has agreed to grant Double O the option to acquire up to a 100% interest in the Separation property for aggregate payments of \$1,500,000 over 5 years. Upon completion of the property option agreement, Kenorland will retain a net smelter returns royalty of 2.5%.

#### Other Properties, Canada

The other properties represent lower priority properties that the Company staked during the period.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

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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.

#### Healy Property, Alaska, USA

Pursuant to the option agreement with Newmont effective July 2018, the Company was entitled to acquire a 70% interest in 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.

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2022	December 31, 2021
Accounts payable	\$ 2,270,032	\$ 907,361
Accrued liabilities	125,469	355,865
Payroll taxes payable	42,949	17,863
	<b>2,438,450</b>	<b>1,281,089</b>

### 8. GOVERNMENT LOANS PAYABLE

As at March 31, 2022, 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. If each loan is not fully paid back to the federal government by December 31, 2023, each loan will incur 5% interest during the remaining term of the loans ending on December 31, 2025, the date by which the loans must be fully repaid. The Company intends to pay back the CEBA loans by December 2023.

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

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### **9. SHARE CAPITAL AND RESERVES**

#### **Authorized Share Capital**

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

#### **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 SMCL and issued 5,211,945 common shares to SMCL 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 three months ended March 31, 2022:

- a) The Company did not have any share issuance transactions.

As at March 31, 2022, the Company has 11,546,064 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 8,278,294 shares at the time of granting. The exercise price and vesting terms of stock options is 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.

During the three months ended March 31, 2022, the Company recognized share-based compensation of \$364,699.



## KENORLAND MINERALS LTD.

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### 9. SHARE CAPITAL AND RESERVES (continued)

#### Stock Options (continued)

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

	For the three months ended March 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
<b>Balance, March 31, 2022</b>	<b>8,254,997</b>	<b>0.37</b>

A summary of the stock options outstanding and exercisable at March 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	133,333	0.25	September 15, 2024
140,000	140,000	0.075	October 2, 2024
700,000	700,000	0.15	December 1, 2024
3,250,000	2,150,000	0.25	March 2, 2025
800,000	800,000	0.15	July 1, 2025
740,000	555,000	1.00	February 4, 2026
1,375,000	343,750	0.70	February 14, 2027
<b>8,254,997</b>	<b>5,872,080</b>		

As at March 31, 2022, the Company has 1,716,000 options subject to escrow pursuant to the requirements of the TSX-V, which will be released through January 2024.

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### 9. SHARE CAPITAL AND RESERVES (continued)

#### Restricted Share Units

In December 2020, the Company adopted an incentive plan for its directors, officers, and employees, under which it is authorized to grant a maximum of 1,500,000 common shares reserved for issuance for restricted share units ("RSUs") under the incentive plan. 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 October 2021, the Company amended the incentive plan and decreased the maximum number of common shares reserved for RSUs under the incentive plan from 1,500,000 common shares to 1,000,000 common shares.

During the three months ended March 31, 2022, the Company recorded share-based compensation expense of \$58,157 (March 31, 2021 - \$31,843). As at March 31, 2022, the fair value of the RSUs was \$800,000 (December 31, 2021 - \$810,000) and the Company recorded a RSU liability of \$668,613 (December 31, 2021 - \$610,456).

RSU transactions are summarized as follows:

	Number of RSUs
<b>Balance, December 31, 2020, 2021, and March 31, 2022</b>	<b>1,000,000</b>

The RSUs will vest on September 27, 2022.

#### Share Purchase Warrants

During the year ended December 31, 2021, 178,236 warrants expired unexercised, as a result, the Company reclassified \$88,372 attributed to these warrants from reserves to share capital.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
<b>Balance, December 31, 2020</b>	<b>1,876,833</b>	0.73
Exercised	(72,622)	0.70
Expired	(178,236)	0.70
<b>Balance, December 31, 2021 and March 31, 2022</b>	<b>1,625,975</b>	0.74

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

Number of Warrants	Exercise Price	Expiry Date
	\$	
197,410	1.00	December 31, 2022
428,571	0.70	September 15, 2023
999,994	0.70	March 19, 2024
<b>1,625,975</b>		

As at March 31, 2022, the Company has 214,306 warrants subject to escrow pursuant to the requirements of the TSX-V, which will be released through August 2022.

## KENORLAND MINERALS LTD.

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### 10. RELATED PARTY TRANSACTIONS

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.

	For the three months ended March 31,	
	2022	2021
	\$	\$
Management fees	25,500	19,500
Salaries and benefits	160,583	75,000
Share-based compensation	289,837	206,231
	<b>475,920</b>	<b>300,731</b>

### 11. 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, listed equity investments and RSU liability are measured at fair value using Level 1 inputs. The Company's private company equity investments 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.

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

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022

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### 11. FINANCIAL INSTRUMENTS (continued)

#### Financial Risk Factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. 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 March 31, 2022, the Company had a foreign currency net monetary asset position of approximately US\$343,000. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$34,300.

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 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 Revenu Quebec therefore, the credit risk exposure is low.

As at March 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 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.

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.

## KENORLAND MINERALS LTD.

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### 12. 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 period.

### 13. SEGMENTED INFORMATION

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

<b>As at March 31, 2022</b>			
	<b>Canada</b>	<b>USA</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Exploration and evaluation assets	3,892,461	7,781,396	11,673,857
Equipment	21,261	-	21,261
Right-of-use asset	4,595	-	4,595
	<b>3,918,317</b>	<b>7,781,396</b>	<b>11,699,713</b>

  

<b>As at December 31, 2021</b>			
	<b>Canada</b>	<b>USA</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
	<b>2,899,211</b>	<b>7,714,684</b>	<b>10,613,895</b>

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

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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 lead 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 (Note 5)	120,147
Change in non-controlling interest as a result of increase in ownership of non-controlling interest (Note 5)	14,130
Share of comprehensive loss during the consolidated period	(104,065)
Elimination of non-controlling interest	(30,212)
<b>Balance, December 31, 2021</b>	<b>-</b>