FIREWEED METALS CORP.

(Formerly Fireweed Zinc Ltd.)

(An Exploration Stage Company)

(Unaudited - Expressed in Canadian Dollars)

Consolidated Financial Statements

September 30, 2022 and 2021

Index

Notice of non-review of condensed consolidated interim financial statements

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators, notice is given that the attached condensed consolidated interim financial statements for nine-month period ended September 30, 2022 have not been reviewed by the Company's auditors.

FIREWEED METALS CORP.
(Formerly Fireweed Zinc Ltd.)
Unaudited Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at

	Note(s)	September 30, 2022	December 31, 2021
Assets			
Current assets:			
Cash		$ 9,739,670	$ 8,179,833
Receivables		436,329	340,843
Prepaid expenses		314,602	213,744
		10,490,601	8,734,420
Equipment	5	167,859	168,965
Reclamation bond		39,596	39,596
Mactung deposit	4	1,500,000	-
Exploration and evaluation assets	4	12,643,437	12,088,437
		$ 24,841,493	$ 21,031,418
Current liabilities:			
Accounts payable and accrued liabilities	6,11	$ 3,348,343	$ 870,230
		3,348,343	870,230
Long-term loan payable	7	40,000	40,000
Flow-through premium liability	8	626,909	1,009,721
Rehabilitation provisions	9	370,195	366,268
		4,385,447	2,286,219
Shareholders' equity:			
Capital stock	10	62,075,920	50,028,511
Options reserve	10	2,312,250	2,234,287
Warrants reserve	10	197,495	172,187
Deficit		(44,129,619)	(33,689,786)
		20,456,046	18,745,199
		$ 24,841,493	$ 21,031,418

Nature and continuance of operations (Note 1)
Commitment (Note 15)
Subsequent events (Note 16)

On behalf of the Board:

"Brandon Macdonald" Director

"Adrian Rothwell" Director

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

FIREWEED METALS CORP.
(Formerly Fireweed Zinc Ltd.)
Unaudited Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the nine months ended

		Three months ended		Nine months ended	
	Note(s)	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Expenses					
Consulting and management	11	$ 341,396	$ 206,149	$ 871,933	$ 500,532
Depreciation	6	11,471	6,988	31,612	22,644
Director and committee fees	11	54,081	30,750	115,581	92,250
Exploration and evaluation	4,5	9,116,667	4,176,005	10,642,093	6,686,576
Investor relations and corporate development	11	163,194	53,597	498,417	213,243
Professional fees		10,056	34,638	81,886	146,648
Share-based compensation	10,11	153,752	156,074	352,744	269,219
Transfer agent & filing fees		9,030	15,009	81,557	64,266
General & administrative		101,148	67,250	231,189	146,055
		(9,960,795)	(4,746,460)	(12,907,012)	(8,141,433)
Accretion on rehabilitation provision	9	(1,309)	(396)	(3,927)	(1,189)
Amortization of flow-through liability		2,013,956	681,587	2,275,517	681,587
Foreign exchange		7,723	(497)	8,963	(4,140)
Interest income		109,189	13,219	186,626	23,087
Loss and comprehensive loss for the period		**$ (7,831,236)**	**$ (4,052,547)**	**$ (10,439,833)**	**$ (7,442,088)**
Loss per share – basic and diluted		**$ (0.09)**	**$ (0.06)**	**$ (0.12)**	**$ (0.12)**
Weighted average number of common shares outstanding – basic and diluted		91,909,191	63,271,437	85,494,462	59,922,857

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

FIREWEED METALS CORP.
(Formerly Fireweed Zinc Ltd.)
Unaudited Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the nine months ended

		Nine Months Ended September 30, 2022		September 30, 2021
OPERATING ACTIVITIES				
Loss for the period	$	(10,439,833)	$	(7,442,088)
Adjustment for items not affecting cash:				
Amortization of flow-through liability		(2,275,517)		(681,587)
Accretion on rehabilitation provision		3,927		1,189
Depreciation		31,612		22,644
Share-based compensation		352,744		269,219
Change in non-cash working capital items:				
Receivables		(95,486)		(14,187)
Prepaid expenses		(100,858)		(44,713)
Accounts payable and accrued liabilities		2,478,113		359,545
		(10,045,298)		**(7,529,978)**
INVESTING ACTIVITIES				
Acquisition of equipment		(30,506)		-
Exploration and evaluation assets		(250,000)		(1,931)
Deposit for Mactung project		(1,500,000)		-
		(1,780,506)		**(1,931)**
FINANCING ACTIVITIES				
Proceeds from share issuance		13,157,511		9,503,427
Share issue costs		(141,870)		(191,329)
Proceeds from warrants exercised		-		400,335
Proceeds from options exercised		370,000		-
		13,385,641		**9,712,433**
Increase (decrease) in cash		1,559,837		2,180,524
Cash, beginning of the period	**$**	**8,179,833**	**$**	**2,264,206**
Cash, end of the period	**$**	**9,739,670**	**$**	**4,444,730**

Supplemental disclosures with respect to cash flows:

Non-cash investing and financing activities:				
Fair value of shares issued for property	$	305,000	$	500,000
Fair value of exercised finders' warrants	$	-	$	50,365
Fair value of finders' warrants	$	-	$	9,797
Flow through premium liability	$	1,913,000	$	800,609
Share-issue costs allocated to flow-through premium	$	20,295	$	32,636

FIREWEED METALS CORP.

(Formerly Fireweed Zinc Ltd.)
Unaudited Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Capital Stock										
	Notes	Shares		Amount		Warrants reserve		Options reserve		Deficit		Total
Balance at December 31, 2020		**56,057,112**	**$**	**36,486,333**	**$**	**197,013**	**$**	**1,797,596**	**$**	**(24,767,612)**	**$**	**13,713,330**
Shares issued for resource property	10	500,000		500,000		-		-		-		500,000
Shares issued in private placement	10	6,250,000		5,000,000		-		-		-		5,000,000
Flow-through shares issued in private placement	10	5,003,808		3,735,454		-		-		-		3,735,454
Share issue costs	10	20,000		(201,126)		9,797		-		-		(191,329)
Share-based compensation	10	-		-		-		269,219		-		269,219
Warrants exercised	10	589,112		450,700		(50,365)		-		-		400,335
Loss for the period		-		-		-		-		(7,442,088)		(7,442,088)
Balance at September 30, 2021		**68,420,032**	**$**	**45,971,361**	**$**	**156,445**	**$**	**2,066,815**	**$**	**(32,209,700)**	**$**	**15,984,921**
Balance at December 31, 2021		**74,897,032**	**$**	**50,028,511**	**$**	**172,187**	**$**	**2,234,287**	**$**	**(33,689,786)**	**$**	**18,745,199**
Shares issued for resource property	10	500,000		305,000		-		-		-		305,000
Shares issued in private placement	10	15,772,159		11,264,806		-		-		-		11,264,806
Share issue costs	10	-		(167,178)		25,308		-		-		(141,870)
Share-based compensation	10	-		-		-		352,744		-		352,744
Options exercised	10	740,000		644,781		-		(274,781)		-		370,000
Loss for the period		-		-		-		-		(10,439,833)		(10,439,833)
Balance at September 30, 2022		**91,909,191**	**$**	**62,075,920**	**$**	**197,495**	**$**	**2,312,250**	**$**	**(44,129,619)**	**$**	**20,456,046**

1. Nature and Continuance of Operations

Fireweed Metals Corp. (formerly Fireweed Zinc Ltd.) (the “Company”) was incorporated under the Business Corporations Act of the Yukon in Canada on October 20, 2015. The Company is a mineral exploration and development company and is engaged in the acquisition and exploration of mineral assets. At September 30, 2022, the Company had three projects in northern Canada, the Macmillan Pass Project (Yukon), which includes 940 km2 of claims, the Tom and Jason zinc-lead-silver deposits and the Boundary zinc-lead zones, the Mactung Project (Yukon/NWT) which includes the Mactung tungsten deposit, and the Gayna River zinc project (NWT). The Company is listed on the TSX Venture Exchange and trades under the symbol FWZ in Canada, and on the OTCQB Venture Market under the symbol FWEDF in the USA. On June 30, 2022, the Company changed its name from ‘Fireweed Zinc Ltd.’ to ‘Fireweed Metals Corp.’ to reflect its expanded portfolio of critical minerals projects beyond zinc.

The Company’s head office and principal address is Suite 1020 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The registered and records office is 3081 3rd Avenue, Whitehorse, Yukon, Canada Y1A 4Z7.

The Company’s ability to continue operations is not assured and is dependent upon the ability to obtain necessary financing to meet its liabilities and commitments as they become due, and the ability to generate future profitable production or operations or obtain sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. As at September 30, 2022, the Company had current assets of $11,990,601 to settle current liabilities of $3,348,343, leaving the Company with a working capital of $8,642,258. Management estimates that the Company has sufficient working capital to maintain its operations and activities for the next fiscal year.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. To date there have been no material adverse effects on the Company’s business or ability to raise funds.

The condensed consolidated financial statements for the period ended September 30, 2022 have been prepared by management, reviewed by the Audit Committee and authorized for issue by the Board of Directors on November 17, 2022.

2. Basis of Presentation and Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - Interim Financial Reporting. In addition, these condensed consolidated interim financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) in effect at September 30, 2022 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed consolidated interim financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021. In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed consolidated interim financial statements. Interim results are not necessarily indicative of the results expected for the year ending December 31, 2022.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. Significant Accounting Policies

The accounting policies in preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2021.

Critical accounting estimates, judgments, and assumptions

The preparation of these financial statements 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 reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below with further details of the assumptions contained in the relevant note.

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

<u>Carrying value and recoverability of exploration and evaluation assets</u>

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves.

Additionally, there are numerous geological, economic, environmental, social and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

<u>Share-based compensation</u>

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based compensation expense for the nine months ended September 30, 2022 and 2021 are disclosed in Note 10.

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (cont'd…)

Environmental rehabilitation obligation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at the net present value of estimated future cash flows and the resulting costs are expensed to the statement of loss and comprehensive loss.

In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

4. Exploration and Evaluation Assets and Expenditures

Exploration and Evaluation Assets

		Nine Months Ended September 30, 2022		**Fiscal Year Ended December 31, 2021**
Acquisition and maintenance costs:				
Opening Balance	$	12,088,437	$	11,458,395
Additions during the year:				
Change in rehabilitation provision				128,111
Cash payments		250,000		1,931
Shares issued		305,000		500,000
		555,000		630,042
Acquisition costs, closing balance	**$**	**12,643,437**	**$**	**12,088,437**

Total Exploration and Evaluation Expenditures

		Nine Months Ended September 30, 2022		**Nine Months Ended September 30, 2021**
Assaying	$	63,820	$	224,752
Camp and field		3,601,401		1,883,588
Drilling		4,437,701		1,506,928
Engineering		264,753		144,165
Exploration Contracting		842,771		1,302,825
Geological Consulting		523,311		495,966
Insurance and other		6,658		4,195
Permitting, Environment, Social		734,295		551,756
Reporting		59,547		46,276
Travel & Support		107,836		526,125
Total exploration expenditures	**$**	**10,642,093**	**$**	**6,686,576**

Macmillan Pass Project, Yukon, Canada

The Macmillan Pass property encompasses 940 km^2 of contiguous mineral claims located 200 km northeast of the settlement of Ross River in the eastern Yukon Territory of Canada. It is host to the large Tom and Jason shale-hosted zinc-lead-silver deposits as well as the Boundary Zone, Boundary West Zone, Tom North Zone and End Zone which have significant mineralization drilled but not yet classified as mineral resources. The property is located in the traditional territories of the Kaska Dena and First Nation of Na-Cho Nyäk Dun.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets and Expenditures (cont'd…)

Macmillan Pass Project, Yukon, Canada (cont'd…)

Exploration and Evaluation Expenditures

Macmillan Pass Project (Yukon, Canada)		**Nine Months Ended September 30, 2022**		**Nine Months Ended September 30, 2021**
Assaying	$	63,573	$	224,752
Camp and field		3,563,897		1,883,588
Drilling		4,437,701		1,506,928
Engineering		228,904		144,165
Exploration Contracting		476,459		1,302,825
Geological Consulting		490,061		495,966
Insurance and other		48,287		4,195
Permitting, Environment, Social		712,237		551,756
Reporting		17,918		46,276
Travel & Support		106,495		526,125
Total exploration expenditures	**$**	**10,145,532**	**$**	**6,686,576**

Summary of Property Acquisitions and Royalties

The Property comprises multiple claim blocks that were acquired and consolidated over several years by Fireweed into the current 940 km2 Macmillan Pass property. Summaries of the underlying claim blocks/properties and royalties are described below.

Fireweed holds 100% interest in the 361 claims of the Tom and Jason property. The Jason claims have a third party underlying 3% net smelter return royalty ("NSR") which can be bought out at any time for $5,250,000. There are no underlying royalties on the Tom claims.

Fireweed holds 100% interest in the 372 claims of the Nidd property which includes the Boundary Zone and Boundary West Zone. Teck retains a 1% NSR royalty and a right of first offer to purchase future production concentrates from the Nidd property.

Fireweed holds 100% interest in the 820 claims of the Mac property. Vendor Maverix Metals Inc. retains production royalties of 0.25% NSR on base metals and other non-precious minerals, 1% NSR on silver and other precious metals excluding gold, and 3% NSR on gold produced from the Mac property.

Fireweed holds 100% interest in the 333 MC, 74 MP and 217 Jerry claims. Vendors Epica Gold Inc. ("Epica") and Carlin Gold Corporation ("Carlin") together retain production royalties of 0.5% NSR on base metals and silver, and 2% NSR on all other metals including gold produced from the MC, MP and Jerry claims, and are entitled to one additional payment of $750,000 or equivalent in Fireweed shares at the Company's option, upon receiving a resource calculation of at least 2.0 million tonnes of indicated (or better) resource on any part of the MC, MP or Jerry claims. Fireweed maintains a right of first refusal on the sale of any NSR royalty from these claims by Epica and/or Carlin.

Fireweed holds 100% interest in the 326 BR claims and 333 NS claims. Vendor Golden Ridge Resources Ltd. retains production royalties of 0.5% NSR on base metals and silver, and 2% NSR on all other metals including gold produced from the BR and NS claims, and is entitled to one additional payment of $750,000 or equivalent in Fireweed shares at the Company's option, upon receiving a resource calculation of at least 2.0 million tonnes of indicated (or better) resource on any part of the BR or NS claims. Fireweed will have the right to purchase one-half of these NSR royalties for $2,000,000 at any time prior to the commencement of commercial production. Fireweed maintains a right of first refusal on the sale of any NSR royalty from these claims by

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets and Expenditures (cont'd…)

Macmillan Pass Project, Yukon, Canada (cont'd…)

Golden Ridge. There is also a pre-exiting third party 3% NSR royalty on any future cobalt production from the BR and NS claims.

Fireweed holds 100% interest in the 410 claims of the Sol property and several small nearby separate claim blocks (Ben, NC, Stump, Bach). Vendor QuestEx Gold & Copper Ltd. ("QuestEx") retains a 0.5% NSR on all base metals and silver and a 2% NSR on all other metals including gold, which may be mined from the property. There is an additional private third-party royalty consisting of a 2% NSR on production from the Sol Property, of which 1% may be extinguished for $2,000,000. On June 1, 2022, QuestEx was acquired by and became a subsidiary of Skeena Resources Limited (TSX:SKE).

During the first quarter on January 13, 2022, the Company exercised its option with private companies Cathro Resources Corp. ("Cathro") and Cazador Resources Ltd. ("Cazador"), and acquired 100% interest in the 1,582 claim Oro property covering 318km^2 on the western extension of the Macmillan Pass District. Payment terms to exercise the option were as follows:

Due Date	Cash	Common Shares
On or before January 18, 2021	$250,000 (paid)	500,000 (issued)
On or before January 13, 2022	$250,000 (paid)	500,000 (issued)
TOTAL	**$500,000**	**1,000,000**

Cathro and Cazador together retain a 0.5% NSR on all base metals and silver and a 2% NSR on all other metals including gold, which may be mined from the Oro property.

Titles to all these claims have been transferred and registered to the Company.

Mactung Project, Yukon/NWT, Canada

On June 7, 2022, Fireweed signed a binding Letter of Intent to purchase the Mactung Project. The 37.6 km^2 Mactung property hosts the large, high grade Mactung tungsten deposit and is located adjacent to the Macmillan Pass property with access from the same road and airstrip. It is an advanced stage project with extensive historic drilling, engineering, metallurgy, geotechnical, and environmental baseline data collected by previous operators as well as a Class 4 Land Use Permit. The property is located in the traditional territories of the Kaska Dena and First Nation of Na-Cho Nyäk Dun, and the Sahtú Settlement Area. The Mactung work program in 2022 included relogging and sampling of historic drill core to support an updated mineral resource study.

Summary of Mactung Acquisition Terms

Fireweed holds the Mactung Project under terms of a binding Letter of Intent ("LOI") signed with the Government of the Northwest Territories ("GNWT") described in a Fireweed news release dated June 7, 2022. Under the LOI, the GNWT will sell the Mactung Project to Fireweed for a total purchase price of C$15,000,000 staged as follows:

1. Fireweed pays the GNWT the sum of $1,500,000 upon execution of the binding LOI (paid);
2. Fireweed will pay to GNWT an additional $3,500,000 within 18 months upon finalization of the definitive agreement which is due on or before December 31, 2022.
3. Fireweed will pay to GNWT an additional $5,000,000 upon Fireweed announcing its intention to construct a mine on either the Mactung Project or any portion of the mineral property interests controlled by Fireweed in the Yukon, commonly known as the Macmillan Pass project; and
4. Fireweed will pay to GNWT an additional $5,000,000 upon Fireweed announcing its intention to construct a mine on the Mactung Project.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets and Expenditures (cont'd…)

Mactung Project, Yukon/NWT, Canada (cont'd…)

Upon signing of the final definitive agreement, ownership of the Mactung Project assets will be transferred to Fireweed. Mactung carries an existing NSR Royalty of 4% which is held by a third party, 2% of which can be purchased at any time for $2.5M.

Exploration and Evaluation Expenditures

Mactung Project (Yukon/NWT, Canada)		**Nine Months Ended September 30, 2022**
Camp and field		5,431
Engineering		35,849
Exploration contracting		34,625
Geological contracting		8,100
Total exploration expenditures	**$**	**84,005**

Gayna River Project, NWT, Canada

On May 10, 2022, Fireweed staked the 128.75 km^2 Gayna River claims. Registration of the claims in the name of the Company is pending. The Gayna River property is located 180 kilometres north of the Macmillan Pass property. It is lies within the Sahtú Settlement Area, the Gwich'in Settlement Area, and the asserted territory of the First Nation of Na-Cho Nyäk Dun. The property is host to extensive critical minerals mineralization including zinc, gallium and germanium as well as lead and silver. An extensive area of mineralization was outlined by 28,000 metres of wide-spaced, historic drilling but recent studies indicate potential for high grade massive sulphide targets not recognized by previous operators. The 2022 field program at Gayna River included a ground gravity survey and an airborne LiDAR topographic survey to define targets for drilling in 2023.

Exploration and Evaluation Expenditures

Gayna River Project (NWT, Canada)		**Nine Months Ended September 30, 2022**
Assaying		247
Camp and field		32,073
Exploration Contracting		331,687
Geological Contracting		25,150
Permitting, Environment, Social		22,058
Travel & Support		1,341
Total exploration expenditures	**$**	**412,556**

(Expressed in Canadian Dollars)

5. Equipment

	Exploration Equipment	Computer Hardware	Vehicles (Trucks)	Office Equipment	Total
Cost					
As at December 31, 2021	132,696	6,706	107,940	-	247,342
Acquisition	-	7,235	-	23,271	30,506
Balance as at September 30, 2022	**132,696**	**13,941**	**107,940**	**23,271**	**277,848**
Accumulated Depreciation					
As at December 31, 2021	(37,303)	(3,488)	(37,586)	-	(78,377)
Depreciation expense	(13,607)	(1,782)	(14,672)	(1,551)	(31,612)
Balance as at September 30, 2022	**(50,910)**	**(5,270)**	**(52,258)**	**(1,551)**	**(109,989)**
Net book value					
As at December 31, 2021	95,393	3,218	70,354	-	168,965
As at September 30, 2022	**81,786**	**8,671**	**55,682**	**21,720**	**167,859**

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities mainly consist of payables to management and to vendors for work completed on the Company's project as well as accrual of professional and director fees. The breakdown of accounts payable and accrued liabilities are as follows:

		September 30, 2022		December 31, 2021
Payable to related parties (Note 12)	$	36,423	$	196,019
Payable to vendors		3,311,920		674,211
Total Accounts Payable and Accrued Liabilities	**$**	**3,348,343**	**$**	**870,230**

7. Loan Payable

In May 2020, the Company secured a $40,000 interest-free operating line of credit after applying for the government-sponsored Canada Emergency Business Account ("CEBA") under the Government of Canada COVID-19 relief program.

<u>Terms of the CEBA agreement:</u>

i. The CEBA funds are intended for non-deferrable operating expenses, including but not limited to payroll, rent and insurance,

ii. There was a balance outstanding after December 31, 2020, the remaining outstanding amount was converted into a 2-year interest-free term loan effective January 1st, 2021,

iii. If $30,000 is repaid by December 31, 2023, $10,000 of the operating line will be forgiven,

iv. On December 31, 2023, the Company may choose to exercise an option to extend the term loan for another 3 years at the rate of 5% per annum on any balance remaining.

(Expressed in Canadian Dollars)

8. Flow-Through Premium Liability

Flow-through share premium liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuances:

Balance at December 31, 2020	**$**	**-**
Liability incurred on flow-through shares issued		**1,786,251**
Flow-through issuance costs		(38,972)
Settlement of flow-through liability on incurred expenditures		(737,558)
Balance at December 31, 2021	**$**	**1,009,721**
Liability incurred on flow-through shares issued		1,913,000
Flow-through issuance costs		(20,295)
Settlement of flow-through liability on incurred expenditures		(2,275,517)
Balance at September 30, 2022	**$**	**626,909**

On April 6 and May 27, the Company issued 7,300,000 flow-through common shares at a price of $0.99 per share for gross proceeds of $7,227,000. Premiums of $0.26 per share was recorded for each of the 7,200,000 flow-through shares issued on April 6 and premiums of $0.41 per share was recorded for each of the 100,000 flow-through shares issued on May 27, totaling $1,913,000 in flow-through liability. Share issuance costs allocated to the flow-through premium liability was $20,295.

As of September 30, 2022, the Company incurred eligible flow-through expenditures of $10,011,640 of the total flow-through funds raised. Therefore, 2,315,048 of flow-through premium and 39,531 of the flow-through related share issuance costs were recognized on the statement of loss and comprehensive loss, resulting in a $629,909 flow-through liability balance at September 30, 2022.

During 2021, the Company incurred eligible flow-through expenditures of $4,503,427 of the total flow-through funds raised. Therefore, flow-through premium liability $750,571 and flow-through related share issuance costs $13,013 were recognized on the statement of loss and comprehensive loss, resulting in a $1,009,721 flow-through liability balance at December 31, 2021.

9. Rehabilitation Provision

The Company has estimated that the present value of future rehabilitation costs required to remediate the Tom Jason property based on its current state. The Company did not have any rehabilitation provisions prior to the acquisition of the Tom Jason property.

Although the ultimate amount of the rehabilitation liability is uncertain, the best estimate of these obligations is based on information currently available. Current significant closure and rehabilitation activities include dismantling and removing camp facilities, roads reclamation and mobile equipment removal costs.

The total amount of estimated undiscounted cash flow required to settle the Company's estimated obligation as at September 30, 2022 was $325,596 (2021 - $234,596). The calculation of present value of estimated future cash flows assumed a discount rate of 1.43% (2021 – 0.67%) and an inflation rate of 3.15% (2021 – 0.62%). Rehabilitation costs are estimated to be settled at various dates during 2028.

Balance, December 31, 2020	**$**	**236,572**
Accretion		1,585
Change in estimate		128,111
Balance, December 31, 2021	**$**	**366,268**
Accretion		3,927
Balance, September 30, 2022	**$**	**370,195**

10. Capital Stock and Reserves

The authorized capital stock of the Company consists of an unlimited number of common shares without nominal or par value. As at September 30, 2022, the Company had 91,909,191 (December 31, 2021 – 74,897,032) common shares issued and outstanding.

Transactions for the nine months ended September 30, 2022

On January 7, 2022, the Company issued 250,000 common shares to Cathro and 250,000 common shares to Cazador totalling 500,000 common shares as part of the payment for the Oro Property. The fair value of the common shares at the time of issuance was $305,000 (Note 5).

On May 27, 2022, the Company closed a private placement financing for gross proceeds of $13,157,511. The financing consisted of 8,472,159 common shares of the Company at a price of $0.70 per share and 7,300,000 flow-through common shares at a price of $0.99 per share. In connection with the private placement, the Company incurred aggregate cash finders' fees of $141,870 and issued 153,000 one-year finders' warrants, which are exercisable at the price of $0.70 per share.

During the period ended September 30, 2022, 740,000 options were exercised for gross proceeds of $370,000. In connection with the issuance, a total of $274,781 was re-allocated from reserves to capital stock.

Transactions for the nine months ended September 30, 2021

On January 13, 2021, the Company issued 250,000 common shares to Cathro and 250,000 common shares to Cazador totalling 500,000 common shares as part of the payment for the Oro Property. The fair value of the common shares at the time of issuance was $500,000 (Note 5).

On May 20, 2021, the Company closed a private placement financing for gross proceeds of $5,000,000. The financing consisted of 6,250,000 common shares of the Company at a price of $0.80 per share. In connection with the private placement, the Company incurred $113,250 share issuance costs.

On July 2, 2021, the Company closed a non-brokered private placement for aggregate gross proceeds of $4,503,427 consisting of 5,003,808 flow-through common shares at $0.90 per share.

In connection with the private placement, the Company incurred aggregate cash finders' fees of $55,600 and issued 56,669 one-year finders' warrants, which are exercisable at the price of $0.90 per share.

The Company also issued 20,000 shares to an arm's length party for corporate finance services.

During the period ended September 30, 2021, 589,112 warrants were exercised for gross proceeds of $450,700. In connection with the issuance, a total of $50,365 was re-allocated from reserves to capital stock.

Stock options

The Company adopted a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time and are exercisable within a maximum of ten (10) years. The vesting period for all options is at the discretion of the directors. The exercise price will be set by the directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

(Expressed in Canadian Dollars)

10. Capital Stock and Reserves (cont'd…)

Stock options (cont'd…)

The following is a summary of the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2019	2,695,000	$0.86
Granted	1,100,000	$0.65
Forfeited	(305,000)	$0.72
Balance as at December 31, 2020	3,490,000	$0.79
Granted	1,420,000	$0.80
Exercised	(4,000)	$0.59
Cancelled	(14,000)	$0.59
Balance as at December 31, 2021	4,892,000	$0.82
Granted	4,140,000	$0.55
Exercised	(740,000)	$0.50
Cancelled	(440,000)	$0.50
Balance as at September 30, 2022	7,852,000	$0.71

Share-based compensation relating to options vested during the period ended September 30, 2022 using the Black-Scholes option pricing model were $352,744 (2021 - $269,219), which was recorded as reserves on the statements of financial position and as share-based compensation expense on the statement of loss and comprehensive loss.

The associated share-based compensation expense for the options granted was calculated based on the following weighted average assumptions:

	September 30, 2022	December 31, 2021
Risk-free interest rate	3.28%	0.96%
Expected life of options	5 years	5 years
Annualized volatility	70.27%	73.33%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%
Weighted average share price on grant date	$0.55	$0.73
Weighted average fair value of options granted	$0.33	$0.42

As at September 30, 2022, the Company had outstanding stock options exercisable as follows:

Expiry date (mm/dd/yyyy)	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining life in Years	Weighted Average Exercise Price
10/27/2022	30,000	30,000	0.07	$0.70
12/06/2022	120,000	120,000	0.18	$0.83
03/14/2023	810,000	810,000	0.45	$1.45
07/11/2024	250,000	250,000	1.78	$0.65
06/10/2025	802,000	640,800	2.70	$0.59
08/25/2025	160,000	128,000	2.90	$0.71
09/18/2025	120,000	96,000	2.97	$0.99
07/07/2026	1,345,000	538,000	3.77	$0.80
11/01/2026	75,000	40,500	4.09	$0.83
09/02/2027	3,950,000	-	4.93	$0.55
09/21/2027	190,000	-	4.98	$0.59
	7,852,000	**2,653,300**	**3.77**	**$0.71**

(Expressed in Canadian Dollars)

10. Capital Stock and Reserves (cont'd…)

Share purchase warrants and agents' warrants

The share purchase warrants, agents' warrants and options activities are summarized below:

	Number of Warrants	Weighted Average Exercise Price
Balance as at December 31, 2020	**8,153,001**	**$0.73**
Exercised	(589,112)	$0.68
Expired	(118,850)	$0.78
Issued	186,299	$0.76
Balance as at December 31, 2021	**7,631,338**	**$0.74**
Issued	153,000	$0.70
Expired	(3,823,036)	$0.86
Balance as at September 30, 2022	**3,961,302**	**$0.61**

As at September 30, 2022, the Company had outstanding share purchase and agents' warrants as follows:

Expiry date (mm/dd/yyyy)	Warrants Outstanding	Weighted Average Remaining life in Years	Weighted Average Exercise Price
04/14/2024	3,622,003	1.54	$0.60
07/06/2023	56,669	0.76	$0.90
12/08/2022	129,630	0.19	$0.70
04/06/2023	117,000	0.52	$0.70
05/27/2023	36,000	0.65	$0.70
	3,961,302	**1.45**	**$0.61**

11. Related Party Transactions

Related party transactions mainly include management and consulting fees, director and committee fees as well as share-based compensation. The related parties are represented by the key management personnel, which include 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 consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Related parties also include companies, controlled by officers and/or directors.

The remuneration to directors and key management personnel during the period ended September 30, 2022 and 2021 was as follows:

Nature of the transaction		Nine months ended September 30, 2022		Nine months ended September 30, 2021
Director and committee fees	$	115,581	$	92,250
Investor relations and corporate development		10,162		2,483
Management and consulting fees		446,004		298,878
Management and consulting fees related to exploration and evaluation		11,292		8,581
Share-based compensation		169,043		137,634
Total compensation	**$**	**752,082**	**$**	**539,826**

(Expressed in Canadian Dollars)

11. Related Party Transactions (cont'd…)

The following amounts were owed to directors and key management personnel or companies controlled by them. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

			September 30, 2022		**December 31, 2021**
Key management	Management fees and expense recoveries	$	36,423	$	196,019
		$	**36,423**	**$**	**196,019**

12. Segmented Information

The Company operates in one reportable segment, being the acquisition and exploration of mineral projects. All of the Company's operations are within the mineral exploration sector in Canada.

13. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage, as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company may continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has or feels it can raise adequate financial resources to do so. The Company is not subject to any externally imposed capital requirements and there were no changes to management's approach to capital manager during the period ended September 30, 2022.

14. Financial Instruments and Risk Management

The Company has classified its financial instruments as follows:

Fair Value

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 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, reclamation bond, loan payable and accounts payable and accrued liabilities, approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's other financial instruments, cash, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities.

14. Financial Instruments and Risk Management (cont'd…)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Receivables of $436,329 consist of Goods and Services Tax ("GST") recoverable from the Federal Government of Canada. The Company believes its exposure to credit risk is equal to the carrying value of this balance. The Company has exposure to credit risk with respect to its cash as it places most of its cash in one financial institution in Canada. The Company believes its exposure is limited as it banks with a large Canadian institution.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had a cash balance of $9,739,670 to settle current liabilities of $3,348,343. The Company believes it has sufficient funds to meet its current liabilities as they become due.

The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2022, the Company is not exposed to significant interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Foreign currency risk

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

(Expressed in Canadian Dollars)

15. Commitment

On December 19, 2016, the Company granted but did not issue, 1,000,000 performance shares to each of four founders/directors for a total of 4,000,000 shares, in recognition of services to date and as incentive for continuing services in advancing the project and increasing shareholder value. Each founder/director will receive, upon request and confirmation, the following performance shares upon achievement of the following milestones:

Number of shares to be issued	Milestone
300,000	Preparation of a positive preliminary economic assessment of the Tom and Jason zinc-lead-silver deposits (or any part of this property thereof).
300,000	Increasing the mineral resources contained within the Tom and Jason property by at least 50% over the current stated mineral resources as stated in the 2007 Technical Report by D. Rennie (either by additional tonnage or increased total zinc+lead+silver content at similar or higher grade).
Balance(1)	Preparation of a positive Pre-Feasibility Study of the Tom and Jason deposits (or any part thereof).
Balance(1)	The effective disposition of greater than 50% of the Tom and Jason deposits or of the Company, whether by way of sale, business combination, joint venture or other similar form of transaction, demonstrating a value of at least $10,000,000.

(1) Balance of the 1,000,000 performance shares which have not been previously issued will be issued upon the achievement of either one or the other of these two milestones.

Under the terms of the performance shares agreement above, the Company issued 300,000 performance shares to a former director on May 14, 2020, following his resignation in April 2020.

16. Subsequent Event

On November 17, 2022, the Company granted 105,000 stock options to staff and a contractor exercisable at a price of $0.73 per share for a five-year term.