CANEX Metals Inc.

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)
Three and Six Months Ended March 31, 2022

(Unaudited)

May 11, 2022

Notice to Reader

The condensed interim consolidated financial statements of CANEX Metal Inc. ("the Company") for the six-month period ended March 31, 2022 are the responsibility of the Company's management. These condensed interim consolidated financial statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors of the Company.

The condensed interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards.

"Shane Ebert"	"Chantelle Collins"
Shane Ebert	Chantelle Collins
President/Director	Chief Financial Officer

CANEX Metals Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at March 31, 2022 and September 30, 2021
(Unaudited - Prepared by Management)

		March 31 2022		September 30 2021
ASSETS				
Current Assets				
Cash (Note 5)	**$**	**234,061**	$	1,198,099
Accounts receivable (Note 6)		**7,477**		5,248
Prepaid expenses		**40,623**		70,417
Short-term investments (Note 7)		**563,351**		619,686
		845,512		1,893,450
Non-current Assets				
Exploration and evaluation asset advances and deposits (Note 8)		**37,874**		37,874
Exploration and evaluation assets (Note 8)		**3,134,243**		1,947,701
Equipment (Note 9)		**-**		30
		3,172,117		1,985,605
TOTAL ASSETS	**$**	**4,017,629**	$	3,879,055
EQUITY AND LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Note 10)	**$**	**332,632**	$	186,395
Non-current Liabilities				
Decommissioning obligation (Note 11)		**47,306**		47,306
		379,938		233,701
EQUITY				
Share capital (Note 12)		**17,789,834**		17,789,834
Reserves		**2,109,028**		2,109,028
Deficit		**(16,261,171)**		(16,253,508)
TOTAL EQUITY		**3,637,691**		3,645,354
TOTAL EQUITY AND LIABILITIES	**$**	**4,017,629**	$	3,879,055

Nature and continuance of operations (Note 1)
Subsequent event (Note 23)

Approved by the Board

"Shane Ebert"
____________________________ **Director**
Shane Ebert

"Jean Pierre Jutras"
____________________________ **Director**
Jean Pierre Jutras

See accompanying notes to the financial statements.

CANEX Metals Inc.
Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)
For the Three and Six Months Ended March 31

	Three months		Six months	
	2022	**2021**	**2022**	**2021**
Expenses				
General and administrative (Note 14)	**$ 57,730**	$ 121,022	**$ 146,615**	$ 231,295
Reporting to shareholders	**13,950**	109	**18,240**	17,721
Professional fees	**2,254**	5,224	**9,704**	10,287
Stock exchange and transfer agent fees	**5,129**	5,256	**7,271**	7,350
Depreciation	**-**	4	**30**	9
	79,063	131,615	**181,860**	266,662
Loss before other items	**(79,063)**	(131,615)	**(181,860)**	(266,662)
Other items				
Dividend income	**-**	-	**231,232**	-
Interest and other	**(3,589)**	(1,610)	**(8,050)**	(3,315)
Income (loss) from short-term investments	**(112,670)**	84,503	**(48,985)**	415,381
	(116,259)	82,893	**174,197**	412,066
Net (loss) income and comprehensive (loss) income for the period	**$ (195,322)**	$ (48,722)	**$ (7,663)**	$ 145,404
Basic and diluted (loss) income per share (Note 16)	**$ 0.00**	**$** 0.00	**$ 0.00**	$ 0.00
Weighted average shares outstanding (Note 16)				
Basic	**73,442,234**	71,412,230	**73,442,234**	63,207,963
Diluted	**73,442,234**	71,412,230	**73,442,234**	65,783,338

Nature and continuance of operations (Note 1)

See accompanying notes to the financial statements.

CANEX Metals Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)
For the Three and Six Months Ended March 31

	Three months ended		Six months ended	
	2022	**2021**	**2022**	**2021**
Increase (decrease) in cash				
Operating activities				
Cash paid to suppliers and contractors	**$ (77,999)**	$ (223,350)	**$ (177,908)**	$ (365,057)
Cash used in operating activities (Note 18)	**(77,999)**	(223,350)	**(177,908)**	(365,057)
Investing activities				
Interest and other loss	**(3,589)**	(1,610)	**(8,050)**	(3,315)
Cash received on sale of short-term investments	**-**	-	**238,582**	121,626
Cash expended on exploration and evaluation assets (Note 18)	**(637,926)**	(331,490)	**(1,016,662)**	(474,246)
Cash received for mining exploration tax credit (Note 18)	**-**	4,450	**-**	4,450
Cash (used) provided by investing activities	**(641,515)**	(328,650)	**(786,130)**	(351,485)
Financing activities				
Share capital and warrant issue proceeds	**-**	1,700,000	**-**	1,700,000
Warrants exercised	**-**	-	**-**	230,000
Cash share issue costs	**-**	(27,292)	**-**	(28,122)
Obligation to issue common shares	**-**	(670,010)	**-**	-
Cash (used) provided by financing activities	**-**	1,002,698	**-**	1,901,878
Increase (decrease) in cash	**(719,514)**	450,698	**(964,038)**	1,185,336
Beginning of period	**953,575**	1,183,616	**1,198,099**	448,978
End of period	**$ 234,061**	$ 1,634,314	**$ 234,061**	$ 1,634,314

Supplementary information:

Interest and taxes
No cash was expended on interest or taxes during the three- and six-month periods ended March 31, 2022 and March 31, 2021.

Non-cash transactions
Six months ended March 31
During the six-month period ended March 31, 2022, the Company received a dividend in-kind of 79,188 common shares of Canada Nickel Company Inc. (“Canada Nickel” or “CNC”) valued at $2.92 per share for a total value of $231,232. Refer to Note 7 – “Short-term investments” for more information regarding this transaction. There were no similar transactions during the six-month period ended March 31, 2021.

Three months ended March 31
During the three-month period ended March 31, 2022, there were no non-cash transactions. During the three-month period ended March 31, 2021, the Company issued 185,185 common shares valued at $25,000 pursuant to an option agreement on the Gibson property. The acquisition was valued using the closing share price on the transaction date. See Note 8 – “Exploration and evaluation assets” for more information.

See accompanying notes to the financial statements.

CANEX Metals Inc.

Condensed Interim Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

		Reserves					
	Common share capital	Equity-settled share-based payment	Warrant	Other Reserves*	Total Reserves	Deficit	Total
	$	$	$	$	$	$	$
Balance, September 30, 2020	**15,747,739**	**147,408**	**33,914**	**1,886,077**	**2,067,399**	**(15,447,993)**	**2,367,145**
Net and comprehensive income for the period	-	-	-	-	-	145,404	145,404
Warrants exercised	230,000	-	-	-	-	-	230,000
Share issuance costs	(830)	-	-	-	-	-	(830)
Share issuance – January 2021	1,700,000	-	-	-	-	-	1,700,000
Share issuance – property acquisition (Note 8)	25,000	-	-	-	-	-	25,000
Share issuance costs	(27,292)	-	-	-	-	-	(27,292)
Balance, March 31, 2021	**17,674,617**	**147,408**	**33,914**	**1,886,077**	**2,067,399**	**(15,302,589)**	**4,439,427**
Net and comprehensive loss for the period	-	-	-	-	-	(950,919)	(950,919)
Share issuance – property acquisition (Note 8)	84,375	-	-	-	-	-	84,375
Warrants expired – March 2021	33,120	-	(33,120)	-	(33,120)	-	-
Options issued – July 2021	-	74,749	-	-	74,749	-	74,749
Share issuance costs	(2,278)	-	-	-	-	-	(2,278)
Balance, September 30, 2021	**17,789,834**	**222,157**	**794**	**1,886,077**	**2,109,028**	**(16,253,508)**	**3,645,354**
Net and comprehensive loss for the period	-	-	-	-	-	(7,663)	(7,663)
Balance, March 31, 2022	**17,789,834**	**222,157**	**794**	**1,886,077**	**2,109,028**	**(16,261,171)**	**3,637,691**

*Other Reserves is comprised of the aggregate of options and warrants that expired or were forfeited without exercise. These values were relieved from Common share capital, Equity-settled share based payment reserve and Warrants reserve respectively upon the expiry of the equity instrument.

See accompanying notes to the financial statements

1. Nature and continuance of operations

CANEX Metals Inc. ("the Company") is engaged in the business of mineral exploration and development in Canada. The Company was originally incorporated under the laws of the Province of Quebec, Canada and has been continued under the Alberta Business Corporations Act, Canada. The address of its primary office is Suite 815, 808 – 4th Avenue SW, Calgary, Alberta, Canada, T2P 3E8. The Company's common shares are listed on the TSX Venture Exchange under the symbol CANX.

Since inception, the efforts of the Company have been devoted to the acquisition, exploration and development of mineral properties. To date the Company has not received any revenue from mining operations and has not determined whether mineral properties contain ore reserves that are economically recoverable.

The Company incurred a net loss of $7,663 during the six-month period ended March 31, 2022 and has a deficit of $16,261,171 at March 31, 2022. The Company believes it has sufficient working capital to fund its administrative and other operating expenses for the next twelve-month period. Operating expenses beyond March 31, 2023, increases in expenditures over budget for the twelve-month period ended March 31, 2023, exploration programs and new property acquisitions may require additional financing. There can be no assurance that the Company will be successful in obtaining financing. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments which could be significant should the Company be unable to continue as a going concern.

2. Basis of presentation

a) Basis of presentation
These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretation of the International Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for decommissioning obligations described in Note 11 and financial instruments described in Note 13. In addition, these statements have been prepared using the accrual basis of accounting except for cash flow information.

b) Principles of consolidation
These consolidated financial statements include the accounts of the Company and its wholly owned US subsidiary, Canexco Inc. ("Canexco"). Canexco was incorporated by the Company on June 5, 2019, in Arizona, USA, to conduct its exploration and development business in the USA, (refer to Note 8 - "Exploration and evaluation assets" for more information). All intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are those entities that the Company controls through its power to govern the financial and operating policies of the subsidiary. Subsidiaries are fully consolidated from the date control is obtained and are de-consolidated from the date control ceases.

3. Significant accounting polices

The financial framework and accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those as disclosed in its most recently completed audited annual consolidated financial statements for the year ended September 30, 2021.

CANEX Metals did not adopt any new accounting policies during the three and six months ended March 31, 2022.

(Expressed in Canadian Dollars)

4. Significant accounting judgments and estimates

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. Circumstances could arise over the years that would require material revisions to these estimates. Changes in assumptions could have a material effect on the fair value of 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. Adjustments resulting from 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 expectation of future events that are believed to be reasonable under the circumstances.

There have been no material revisions to the nature of judgments and amount of changes in estimates or amounts reported in the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three and six month ended March 31, 2022.

5. Cash

Cash is comprised of:

		Mar 31, 2022		Sept 30, 2021
Current bank accounts	**$**	**162,778**	$	881,132
Cash held in foreign currencies		**71,283**		316,967
	$	**234,061**	$	1,198,099

6. Accounts receivable

		Mar 31, 2022		Sept 30, 2021
Due from related parties	**$**	**80**	$	237
Sales tax receivables		**7,397**		5,011
	$	**7,477**	$	5,248

7. Short-term investments

		Mar 31, 2022		Sept 30, 2021
Spruce Ridge Resources Ltd. Common shares	**$**	**563,351**	$	619,686

The 5,633,500 common shares of Spruce Ridge Resources Ltd., were valued at their fair value, based on their respective period-end trading prices, at March 31, 2022 and September 30, 2021.

On October 22, 2021, Spruce Ridge declared a dividend in-kind of common shares of Canada Nickel that was payable on or before November 5, 2021. The dividend was paid on October 29, 2021, to shareholders of Spruce Ridge at the close of business on October 29, 2021, the record date. One Canada Nickel share was paid under the dividend declared for every 71.14 Spruce Ridge shares held. At October 29, 2021, the Company held 5,633,500 Spruce Ridge shares. As a result, the Company received a dividend of 79,189 Canada Nickel shares at $2.92 per share valued on October 29, 2021, for a total value of $231,232. During the three-month period ended December 31, 2021, the Company sold 100% of its Canada Nickel holdings for net proceeds of $238,582, including a realized gain on the sale of $7,350.

(Expressed in Canadian Dollars)

7. Short-term investments (continued)

During the six-month period ended March 31, 2021, the Company disposed of 100,000 Commander Resources Ltd. shares, 31,500 Maple Gold Mines Ltd shares and 54,867 Canada Nickel Co. Inc. shares for net cash proceeds of $2,540, $10,560 and $108,526, respectively.

8. Exploration and evaluation assets

Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in Note 3 (f) “Exploration and evaluation assets” of the annual financial statements for the year ended September 30, 2021. Accordingly, their carrying values represent costs incurred to date, net of recoveries, abandonments and impairments. The recoverability of these amounts is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain necessary financing to complete the development of properties where necessary, and upon future profitable operations; or alternatively, upon the Company’s ability to recover its costs through a disposition of its interests.

Gold Range Property, Arizona, USA

On June 11, 2019, the Company’s wholly owned subsidiary, Canexco Inc., entered into an arm’s length Option Agreement to acquire a 100% interest in the Gold Range Property, Arizona, USA from a Prospector, the “Optionor”. The Gold Range Property, under option, is comprised of three staked lode mineral claims with a total area of 61.98 acres and is located in Mohave County, Arizona, USA.

Under the terms of the agreement, the Company is committed to make option payments and minimum exploration expenditures totaling US$90,000 and US$80,000 over four years, respectively. On June 11, 2019, the Company paid US$10,000 ($13,405), on June 6, 2020, the Company paid US$15,000 ($20,306) and on June 1, 2021, the Company paid US$15,000 ($18,423) in accordance with the agreement. The Company met its minimum exploration expenditure commitment during the three-month period ended December 31, 2019. In addition, the Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000; the remaining half can be bought back for US$1,000,000.

As at March 31, 2022, under the terms of the Agreement, the Company is committed to the following cash payments and minimum exploration expenditures:

Due date	Option Payments US$
June 11, 2022	20,000
June 11, 2023	30,000
Total remaining commitment as of March 31, 2022	50,000

The remaining committed option payments of US$50,000 would equate to $62,480 using the March 31, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $6,248.

On February 24, 2020, the Company’s wholly owned subsidiary, Canexco Inc., entered into an arm’s length Option Agreement to acquire a 100% interest in the Never Get Left Claim, Mohave County, Arizona, USA from Onyx Exploration Inc., the “Optionor” which is adjacent to the Company’s Pit Zone target on the Gold Range Property. The Never Get Left Claim, under option, is comprised of one staked lode mineral claim with a total area of 20.99 acres and is located in Mohave County, Arizona, USA.

Under the terms of the agreement, the Company is committed to make options payments totaling US$90,000 over four years. On February 24, 2020, the Company paid US$10,000 ($13,397), on February 18, 2021, the Company paid US$15,000 ($19,063), and on February 10, 2022, the Company paid US$15,000 ($18,993) in

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)
Gold Range Property, Arizona, USA (continued)

accordance with the agreement. In addition, the Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000; the remaining half can be bought back for US$500,000. Additionally, the Company must pay 10% of any profits realized from the processing and recovery of metals from the existing leach pad materials located within the Optionor's claim.

As at March 31, 2022, under the terms of the Agreement, the Company is committed to the following cash payments:

Due date	Option Payments US$
February 24, 2023	20,000
February 24, 2024	30,000
Total committed cash payments	50,000

The remaining committed option payments of US$50,000 would equate to $62,480 using the March 31, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $6,248.

On January 12, 2021, the Company and its wholly owned subsidiary, Canexco Inc., signed a Letter of Intent ("LOI") allowing the Company to earn into the Excelsior Mine Property ("the Property") from a private vendor over 3 stages. The definitive agreement was signed on June 2, 2021 and received TSXV approval on June 17, 2021. During stage 1, CANEX can earn a 25% interest in the Property by issuing 750,000 common shares of CANEX and spending US$500,000 on exploration. During stage 2, CANEX can earn 51% interest in the Property by issuing 1 million shares of CANEX, spending US$2,000,000 and paying a bonus payment equivalent to 1% of the gold price on recoverable gold equivalent ounces defined in the measured and indicated resource categories. Stages 1 and 2 must be completed over 2.5 years. On June 25, 2021, the Company issued 750,000 common shares valued at $84,375, in accordance with the agreement.

During stage 3 CANEX can earn a 90% interest in the Property by issuing 1,000,000 CANEX shares and spending US$2,000,000 on exploration and development including an economic study. To complete the stage 3 earn in, CANEX must make another bonus payment to the Vendors equivalent to 1.5% of the gold price on recoverable gold equivalent ounces defined in the proven and probable reserve categories.

CANEX has 2 years to complete the stage 3 earn in once Stage 2 is complete. Once CANEX has earned a 90% interest in the Property, the Vendors can elect to maintain their 10% ownership by contributing their 10% share to exploration and development or to give up 100% ownership to CANEX and revert to a 1.5% NSR.

As at March 31, 2022, under the terms of the Agreement, the Company is committed to the following share issuances and minimum exploration expenditures:

	Option payments (Common Shares)	Minimum exploration expenditures (US$)	Earn in on completion of obligation (%)
Stage 1	750,000	500,000	25
Stage 2	1,000,000	2,000,000	26
Stage 3	1,000,000	2,000,000	39
Total	2,750,000	4,500,000	90
Less obligations fulfilled to March 31, 2022	(750,000)	(765,000)	-
Total remaining commitments to March 31, 2022	2,000,000	3,735,000	

8. Exploration and evaluation assets (continued)
Gold Range Property, Arizona, USA (continued)

The remaining committed minimum exploration expenditures of US$3,735,000 equate to $4,667,256 using the March 31, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $466,726.

As at March 31, 2022, the Company holds 241 lode mining claims and 2 patented claims (1,504 hectares) in respect of the Gold Range Property, including acquisitions via the option agreements noted above as well as staking. The area has seen historic lode and placer gold production but limited modern lode gold exploration. The gross costs and impairments recorded to the Gold Range Property at March 31, 2022 are $3,134,243 and $nil respectively (September 30, 2021 - $1,947,701 and $nil).

Gibson Prospect, British Columbia

On April 4, 2017, the Company announced it had signed a Letter of Intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"), a wholly held subsidiary of Altius Minerals Corp. (TSX: ALS), which is an arm's length party. Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The option purchase agreement (the "Agreement") was executed on May 12, 2017; and received Exchange approval on May 17, 2017. The Company also assumed the obligations of an underlying option agreement with Steven Scott, an arm's length party (the "Underlying Agreement").

Under the terms of the Agreement, the Company is committed to issue a maximum of 3,545,000 common shares to Altius in three stages plus incur minimum exploration expenditures up to $500,000 within 18 months, and make $90,000 in cash or share equivalent payments to Steven Scott. Upon approval of the Agreement, the Company issued 1,125,000 common shares to Altius valued at $78,750 and paid $5,000 to Steven Scott. On February 14, 2018, the Company paid $15,000 to Steven Scott pursuant to the Underlying Agreement. On October 5, 2018, the Company issued 1,180,000 common shares to Altius valued at $82,600 pursuant to the Agreement. On February 21, 2019, the Company issued 400,000 common shares to Steven Scott valued at $20,000, on February 27, 2020, the Company issued 121,951 shares to Steven Scott valued at $25,000 and on February 26, 2021, the Company issued 185,185 common shares to Steven Scott valued at $25,000 pursuant to the Underlying Agreement. Under the terms of the underlying agreement with Steven Scott, effective February 26, 2021, the Company has fulfilled its obligations with respect to cash or cash equivalent payments and minimum exploration expenditures. On November 12, 2018, the Company was granted an extension to meet its minimum exploration expenditures of $500,000 by November 12, 2018 to July 15, 2019, as lack of access during 2018, in part, prevented the Company from completing the required expenditures within the allotted time. The Company was subsequently granted further extensions to meet its minimum exploration expenditures of $500,000. The agreement has been amended to allow the Company to meet minimum exploration expenditures by August 30, 2022. All other terms of the agreement remain unchanged. As at September 30, 2021, the Company determined that further exploration of the Gibson Prospect would not be a priority unless a third party partner could be found to further the exploration program. However, the Company, will continue to hold property claims which will expire January 2029. Accordingly, the Company impaired the full amount of exploration expenditures to September 30, 2021. The gross costs and impairments recorded to the Gibson Prospect as at March 31, 2022 are $473,527 and $473,527 respectively (September 30, 2021 - $473,527 and $473,527).

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)

A summary of exploration and evaluation expenditures by category for the years ended March 31, 2022 and September 30, 2021 appear below:

	Arizona, USA
Three-month period ended March 31, 2022	**Gold Range Property**
	$
Exploration expenditures:	
Balance, September 30, 2021	1,587,159
Geological consulting	137,436
Field costs	8,834
Travel	46,453
Geochemical	377,503
Drilling	562,735
Balance, March 31, 2022	**2,720,120**
Property acquisition costs	
Balance, September 30, 2021	360,542
Acquisition costs incurred	53,581
Balance, March 31, 2022	**414,123**
Total exploration and evaluation assets, March 31, 22	**3,134,243**

		British Columbia	Arizona, USA
Year ended September 30, 2021	**Total**	**Gibson Property**	**Gold Range Property**
	$	**$**	**$**
Exploration expenditures:			
Balance, September 30, 2020	**1,026,751**	220,531	806,220
Geological consulting	**152,538**	-	152,538
Field costs	**31,246**	-	31,246
Travel	**20,887**	-	20,887
Equipment rental	**3,674**	-	3,674
Geochemical	**178,710**	-	178,710
Excavating	**8,367**	-	8,367
Geophysical survey	**192**	-	192
Drilling	**371,319**	-	371,319
Decommissioning	**14,006**	-	14,006
Impairment	**(220,531)**	(220,531)	-
Balance, September 30, 2021	**1,587,159**	**-**	**1,587,159**
Property acquisition costs			
Balance, September 30, 2020	**384,853**	227,496	157,357
Acquisition costs incurred	**228,685**	25,500	203,185
Impairment	**(252,996)**	(252,996)	-
Balance, September 30, 2021	**360,542**	**-**	**360,542**
Total exploration and evaluation assets, September 30, 2021	**1,947,701**	**-**	**1,947,701**

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)

From time to time the Company is required to advance amounts to service providers prior to their commencing exploration work on the mineral interest. The advance is applied to the invoiced services, generally through the final invoice. As these advances pertain to costs that form part of the long-term exploration and evaluation assets, they are classified as long-term. On March 31, 2022, the Company held $10,000 in respect of the Gibson Prospect and $27,874 in respect of the Gold Range Project in exploration and evaluation asset advances and deposits (September 30, 2021 - $10,000 and $27,874 respectively).

9. Equipment

Computer equipment and software		**Mar 31, 2022**		**Sept 30, 2021**
Cost				
Balance, beginning of period	**$**	**9,685**	$	9,685
Disposition		**(9,685)**		-
		-		9,685
Accumulated depreciation				
Balance, beginning of period		**9,655**		9,637
Depreciation		**30**		18
Disposition		**(9,685)**		-
Balance, end of period		**-**		9,655
Net book value	**$**	**-**	$	30

10. Accounts payable and accrued liabilities

		Mar 31, 2022		**Sept 30, 2021**
Trade payables	**$**	**313,105**	$	140,738
Due to related parties		**19,527**		18,146
Accrued liabilities		-		27,500
Commodity taxes payable		-		11
	$	**332,632**	$	186,395

11. Decommissioning obligation

Changes in the decommissioning obligation:

		Mar 31, 2022		**Sept 30, 2021**
Balance, beginning of period and end of period	**$**	**47,306**	$	33,300
Additions		**-**		14,006
	$	**47,306**	**$**	47,306

The above noted provision represents estimated costs to restore the Company's mineral property which includes the cost of filling trenches and revegetation as applicable. Management believes that there are no other significant legal obligations as at the respective period end dates for current and future decommissioning obligations. The period end present value of the decommissioning obligation was determined using a risk-free rate of 2.27% (September 30, 2021 – 0.53%). The estimated total undiscounted amount, using an inflation rate of 5.83% (September 30, 2021 – 2.77%) for the six-month period ended March 31, 2022 is $52,058 (year ended September 30, 2021 - $49,964). The timing of future decommissioning costs is uncertain, as the costs will not be incurred until the Company gives up its legal right to explore the property or the current land use permits

(Expressed in Canadian Dollars)

11. Decommissioning obligation (continued)

expire, at which time the reclamation must have been completed. No accretion expense has been recorded in the current period because the amount is immaterial.

12. Share capital, stock options and warrants

a) Authorized
Unlimited number of common shares without par value

b) Issued and outstanding common share capital

	Shares	Value $
Balance, as at September 30, 2020	**53,207,049**	**15,747,739**
Warrants exercised – October 15, 2020	2,300,000	230,000
Share issuance costs	-	(830)
Share issuance – January 7, 2021	16,292,500	1,629,250
Share issuance – January 11, 2021	707,500	70,750
Share issuance – property acquisition	185,185	25,000
Share issuance costs	-	(27,292)
Warrant expiry – March 23, 2021	-	33,120
Share issuance – property acquisition	750,000	84,375
Share issuance costs	-	(2,278)
Balance, as at September 30, 2021 and March 31, 2022	**73,442,234**	**17,789,834**

Six-month period ended March 31, 2022

There were no common share transactions during the six-month period ended March 31, 2022.

Year ended September 30, 2021

On October 15, 2020, 2,300,000 warrants exercisable at $0.10 per share, expiring October 20, 2020, were exercised for total proceeds of $230,000 including 100,000 exercised by related parties, comprised of officers and directors.

On January 7, 2021, the Company closed the first tranche of its non-brokered private placement, issuing 16,292,500 common shares at $0.10 per share for aggregate gross proceeds of $1,629,250. On January 11, 2021, the Company closed the final tranche of its non-brokered private placement, issuing 707,500 common shares at $0.10 per share for aggregate gross proceeds of $70,750. A total of $16,500 was paid in finder's fees in connection with this financing.

On February 26, 2021, the Company issued 185,185 common shares valued at $25,000 pursuant to an option agreement on the Gibson property. The share issuance was valued using the closing share price on the transaction date. See Note 7 – "Exploration and evaluation assets" for more information.

On March 23, 2021, 460,000 warrants, exercisable at $0.25 per share, expired without exercise.

On June 25, 2021, the Company issued 750,000 common shares valued at $84,375 pursuant to option agreement on the Gold Range property. The share issuance was valued using the closing share price on the transaction date. See Note 7 – "Exploration and evaluation assets" for more information.

During the subsequent period, from April 1, 2022 and up to May 11, 2022, the approval date of these financial statements, there were no shares issued, and none cancelled and returned to treasury.

(Expressed in Canadian Dollars)

12. Share capital, stock options and warrants (continued)

c) Stock options outstanding

Expiry	Number of options Mar 31, 2022	Number of options Sept 30, 2021	Exercise Price
June 26, 2022	**925,000**	925,000	$0.06
July 27, 2024	**1,575,000**	1,575,000	$0.15
September 23, 2024	**1,200,000**	1,200,000	$0.06
October 4, 2024	**710,000**	710,000	$0.055
	4,410,000	4,410,000	

The Company has an option plan (the Plan), under which up to 10% of the issued and outstanding common shares are reserved for issuance. Under the Plan, the options that have been granted expire at the earlier of five years from the grant date, the date at which the Directors determine, or 60 days from the date on which the optionee ceases to be a director, officer, employee or consultant. The exercise price of the options granted under the Plan will not be less than that from time to time permitted under the rules of the stock exchange or exchanges on which the shares are then listed, which price reflects trading values at that time. All the options outstanding at the respective period ends have vested.

d) Stock option transactions

There were no stock option transactions during the six-month period ended March 31, 2022.

	Number of options	Weighted average exercise price
Balance, September 30, 2020	2,835,000	$0.059
Issued	1,575,000	$0.15
Balance, September 30, 2021 and March 31, 2022	4,410,000	$0.091

Refer to Note 15 – “Share-based payment transactions” for more information regarding the options issued during the year ended September 30, 2021.

During the subsequent period from to April 1, 2022 and up to May 11, 2022, the approval date of these financial statements, no stock options were exercised and none expired; however, 1,525,000 options were issued. Refer to Note 23 – “Subsequent events” for more information regarding this transaction.

e) Warrant transactions and warrants outstanding

The warrants summarized below may be exercised to acquire an equal number of common shares.

Three-month period ended March 31, 2022

Exercise Price	Expiry	Balance Sept 30, 2021	Warrants Exercised	Warrants Expired	Balance Mar 31, 2022
$0.08	June 6, 2022	1,399,990	-	-	**1,399,990**
$0.05	June 6, 2022	13,416	-	-	**13,416**
		1,413,406	-	-	**1,413,406**

(Expressed in Canadian Dollars)

12. Share capital, stock options and warrants (continued)
e) Warrant transactions and warrants outstanding (continued)

Year ended September 30, 2021

Exercise Price	Expiry	Balance Sept 30, 2020	Warrants Exercised	Warrants Expired	Balance Sept 30, 2021
$0.10	October 16, 2020	2,300,000	(2,300,000)	-	**-**
$0.25	March 23, 2021	460,000	-	(460,000)	**-**
$0.08	June 6, 2022	1,399,990	-	-	**1,399,990**
$0.05	June 6, 2022	13,416	-	-	**13,416**
		4,173,406	(2,300,000)	(460,000)	**1,413,406**

During the subsequent period from April 1, 2022, and up to May 11, 2022, the approval date of these financial statements, no warrants were issued, and none expired; however, 500,000 warrants were exercised. Refer to Note 23 – "Subsequent events" for more information regarding this transaction.

13. Financial instruments

Financial instruments recorded at fair value are classified using a fair value hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value are summarized below:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities either directly, (i.e. prices), or indirectly, (i.e. derived from prices); and
- Level 3 - Inputs that are not based on observable market data.

Level 1 has been utilized to value common shares included in short-term investments.

The following summarizes the categories of the various financial instruments:

		March 31, 2022		September 30, 2021
		Carrying Value		
Financial Assets				
Financial assets measured at fair value:				
Short-term investments	**$**	**563,351**	$	619,686
Financial asset measured at amortized cost:				
Cash	**$**	**234,061**	$	1,198,099
Accounts receivable		**80**		237
	$	**234,141**	$	1,198,336
Financial Liabilities				
Financial liabilities measured at amortized cost:				
Accounts payable and accrued liabilities	**$**	**332,632**	$	186,384

The above noted financial instruments are exclusive of any sales tax.

The above noted financial instruments are exclusive of any sales tax. The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

13. Financial instruments (continued)

The Company undertakes transactions denominated in US currency through its exploration in the US; consequently, it is exposed to exchange rate fluctuations. The Company will acquire US funds from time to time to settle US$ denominated liabilities. At March 31, 2022, the Company had US$57,045, (CDN$71,283) in a US denominated bank account (September 30, 2021 - US$248,777, (CDN$316,967)). The effect of a foreign currency increase or decrease of 10% on this cash holding would result in an increase or decrease of CDN$7,128 (September 30, 2021 - CDN$31,697). Additionally, at March 31, 2022, accounts payable and accrued liabilities include liabilities of US$250,512, (CDN$313,040) (September 30, 2021 - US$106,101 (CDN$135,183)), that must be settled in US$. The effect of a foreign currency increase or decrease of 10% on this liability would result in an increase or decrease of CDN$31,304 (September 30, 2021 – CDN$13,518) to the amount payable.

14. General and administrative

	Three months ended Mar 31		Six months ended Mar 31	
	2022	**2021**	**2022**	**2021**
Administrative consulting fees	**$ 32,309**	$ 84,031	**$ 75,123**	$ 162,992
Occupancy costs	**4,697**	4,697	**9,394**	9,394
Office, secretarial and supplies	**9,166**	16,981	**22,182**	34,352
Travel and promotion	**7,076**	11,925	**30,667**	17,937
Insurance	**3,079**	1,777	**6,158**	3,555
Directors' fees	**1,000**	1,000	**2,000**	1,600
Computer network and website maintenance	**403**	611	**1,091**	1,465
	$ 57,730	$ 121,022	**$ 146,615**	$ 231,295

15. Stock-based payment transactions

During the three- and six-month periods ended March 31, 2022 and March 31, 2021, there were no stock-based payment transactions.

During the year ended September 30, 2021, the Company issued 1,575,000 options that may be exercised at $0.15 per share to July 27, 2024. The options were valued at $74,749 using the Black-Scholes Options Pricing model assuming a 3-year term, volatility of 83.86%, a risk-free discount rate of 0.55% and a dividend rate of 0%.

16. Earnings per share

Basic income per share is calculated using the weighted average number of common shares outstanding during the period. Diluted income per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive. The following adjustments were made in arriving at diluted weighted average number of common shares for the period ended March 31:

Weighted average number of common shares:	**2022**	**2021**
Basic	**73,442,234**	**63,207,963**
Diluted	**73,442,234**	**65,783,338**
Income per share		
Basic	**$ 0.00**	$ 0.00
Diluted	**$ 0.00**	$ 0.00

(Expressed in Canadian Dollars)

17. Related party balances and transactions and key management remuneration

The Company is considered a related party to Jade Leader Corp. ("Jade Leader") by virtue of common officers and directors. In addition, related parties include members of the Board of directors, officers and their close family members. Vector Resources Inc., a company controlled by Shane Ebert, President, and director of CANEX Metals; 635280 Alberta Ltd., a company controlled by Jean Pierre Jutras, an officer and director of CANEX Metals are also considered related parties. The Company incurred the following amounts charged to (by) related parties:

	Note		Three months ended Mar 31 2022		Three months ended Mar 31 2021		Six months ended Mar 31 2022		Six months ended Mar 31 2021
Key management remuneration:									
President and director	a)	**$**	**(20,125)**	$	(22,775)	**$**	**(42,350)**	$	(37,625)
Corporate secretary	b)		**(8,115)**		(11,895)		**(16,860)**		(25,410)
Director's fees	d)		**(1,000)**		(1,000)		**(2,000)**		(1,600)
		$	**(29,240)**	$	(35,670)	**$**	**(61,210)**	$	(64,635)
Other related party transactions:									
Jade Leader Corp. ("Jade Leader")									
Office rent and operating costs paid	e)	**$**	**(4,697)**	$	(4,697)	**$**	**(9,394)**	$	(9,394)
General and administrative and secretarial costs paid	e)	**$**	**(2,875)**	$	(1,566)	**$**	**(5,397)**	$	(3,789)
General and administrative and secretarial costs received	e)	**$**	**80**	$	355	**$**	**502**	$	682
635280 Alberta Ltd.									
Geological consulting services	f)	**$**	**-**	$	(375)	**$**	**-**	$	(625)

The following amounts were receivable from or due to related parties at the respective period ends:

	Note		Mar 31, 2022		Sept 30, 2021
Balances receivable (payable)					
Consulting fees:					
President and director	a)	**$**	**(11,576)**	$	(10,106)
Chief Financial Officer	c)	**$**	**-**	$	(1,208)
Exploration and evaluation assets					
President and director	a)	**$**	**-**	$	(588)
Office rent and operating costs:					
Jade Leader Corp.	e)	**$**	**(4,932)**	$	(4,932)
General and administrative and secretarial costs:					
Jade Leader Corp.	e)	**$**	**(3,019)**	$	(1,312)
Jade Leader Corp.	e)	**$**	**80**	$	237

Management compensation payable to "key management personnel" during the respective three- and six-month periods is reflected in the table above and consists of consulting fees paid to the President, the CFO, and the Corporate Secretary and directors' fees. Officers and directors are also compensated through the granting of options from time-to-time. There were no options granted to officers and directors during the three- and six-month periods ended March 31, 2022 or March 31, 2021.

(Expressed in Canadian Dollars)

17. Related party balances and transactions and key management remuneration (continued)

a) The President and director of the Company billed for consulting services that were either expensed or, when his services related directly to mineral property exploration, capitalized to exploration and evaluation assets. During the six months ended March 31, 2022 $14,525, (2021 - $18,825), was expensed through reporting to general and administrative expenses, and $27,825, (2021 - $18,800), was capitalized to exploration and evaluation assets.

b) The Corporate Secretary provides services to the Company on a contract basis.

c) The Chief financial officer provides services to the Company on a contract basis.

d) Up to December 31, 2020, the Company paid directors who were not officers of the Company $500 for meeting attendance in person and $300 for meeting attendance by telephone. Effective January 1, 2021, the Company began to pay directors $500 for meeting attendance regardless of whether it is attended by phone or in person. At March 31, 2022, there are two directors who are not officers and the amounts above reflect directors' fees paid/payable for meetings attended during the above-noted periods.

e) Jade Leader incurred certain administrative expenses on the Company's behalf that were subsequently billed to the Company on a quarterly basis. Further, the Company incurred certain administrative costs on behalf of Jade Leader that were billed on a quarterly basis. Effective April 1, 2015, the Company commenced to lease office space from Jade Leader. Jade Leader and the Company share two common officers and two common directors.

f) During the six-month period ended March 31, 2021, geological consulting services were provided by 635280 Alberta Ltd.

Related party receivables pertain to billings plus applicable sales taxes for which payment has not been received and related party payables reflect billings plus applicable sales taxes that were not yet paid by the Company at the respective period ends. Related party transactions were measured at the amounts agreed to by the transacting parties.

18. Supplemental disclosure statement of cash flows

Reconciliation of cash used in operating activities to operating loss:

	Three months ended Mar 31		Six months ended Mar 31	
	2022	**2021**	**2022**	**2021**
Income (loss) before other items	**$ (79,063)**	$ (131,615)	**$ (181,860)**	$ (266,662)
Depreciation	**-**	4	**30**	9
Changes in assets and liabilities pertaining to operations:				
Accounts receivable	**1,033**	(1,955)	**(1,180)**	(9,196)
Prepaid expenses	**7,591**	(75,693)	**29,794**	(70,049)
Accounts payable and accrued liabilities	**(7,560)**	(14,091)	**(24,692)**	(19,159)
Cash paid to suppliers and contractors	**$ (77,999)**	$ (223,350)	**$ (177,908)**	$ (365,057)

(Expressed in Canadian Dollars)

18. Supplemental disclosure statement of cash flows (continued)

Reconciliation of cash expended on exploration and evaluation assets:

	Three months ended Mar 31		Six months ended Mar 31	
	2022	**2021**	**2022**	**2021**
Change in exploration and evaluation assets	**$ (577,838)**	$ (369,293)	**$ (1,186,542)**	$ (451,307)
Property acquisition – Share issuance	**-**	25,000	**-**	25,000
Changes in assets and liabilities pertaining to exploration and evaluation assets:				
Accounts receivable	**959**	(4,200)	**(1,049)**	(1,760)
Accounts payable and accrued liabilities	**(61,047)**	15,547	**170,929**	(47,635)
Decommissioning obligation	**-**	1,456	**-**	1,456
Cash expended on exploration and evaluation assets	**$ (637,926)**	$ (331,490)	**$ (1,016,662)**	$ (474,246)

19. Segment disclosures

During the six-month periods ended March 31, 2022 and March 31, 2021 and the year ended September 30, 2021, the Company was only engaged in mineral exploration and all exploration activities were undertaken in Canada and/or the United States. Activities undertaken in both countries were similar in nature. As at March 31, 2022, the value of non-current assets associated with United States operations is $3,162,117 (September 30, 2021 - $1,975,575) including exploration and evaluation asset advances and deposits of $27,874 (September 30, 2021 - $27,874) and exploration and evaluation assets of $3,134,243 (September 30, 2021 - $1,947,701). All remaining non-current assets are associated with Canadian operations. Consequently, segmented information is not presented in these financial statements. Refer to Note 8 – “Exploration and evaluation assets” for details of the carrying amounts of these assets at the respective period ends.

20. Capital

The Company’s objective when managing capital is to continue as a going concern so that it can provide value to shareholders by acquiring and conducting exploration on mineral exploration properties with the ultimate objective of finding commercial quantities of base and/or precious metals. Capital is defined as capital stock, warrants, contributed surplus and deficit. The Company has traditionally financed through equity issues rather than debt and does not anticipate using debt to finance its continuing grass roots exploration. Should the Company evolve to the point where it is developing or operating a mine, debt options will be investigated.

The Company will raise equity as cash flow requirements dictate and will attempt, when able, to time financings with more favorable market conditions. The Company can scale back exploration, and to a certain extent, discretionary administrative costs during tighter equity markets. The Company invests capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments such as Bankers’ Acceptances and Term Deposits until such time as it is required to pay operating expenses and mineral property costs, including option payments (Note 8). The Company objective is to manage its capital to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital.

21. Financial risk management

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of receivables, excluding sales tax. The Company has had a history of prompt receipt of its receivables and considers credit risk to be low on these instruments as at March 31, 2022 and September 30, 2021.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 - "Nature of operations and continuance of operations".

The Company's significant remaining contractual maturities for financial liabilities as at March 31, 2022 and September 30, 2021 are as follows:

- Accounts payable and accrued liabilities are due within one year.

c) Market risk

The Company's equity investments are subject to market price risk. The investments in common shares are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price value of these investments can vary from period to period. During the six-month period ended March 31, 2022, the market price fluctuation on the investments held resulted in a net loss of $56,335 (September 30, 2021 - net gain of $138,330) on short-term investments. At March 31, 2022, a 10% change in fair value of the Company's marketable investments would result in a charge to income of $5,634 (September 30, 2021 - $61,969). The Company does not intend to hold these investments for more than one year.

The Company has not yet developed producing mineral interests and as a result it is not exposed to commodity price risk associated with developed properties at this time.

d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income; it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

e) Foreign exchange risk

The Company undertakes transactions denominated in US currency; consequently, it is exposed to exchange rate fluctuations. The Company has disclosed US$ commitments pertaining to three option agreements in Note 8 – "Exploration and evaluation assets". The Company undertakes transaction denominated in US currency, consequently it is exposed to exchange rate fluctuations. The effect of a foreign currency increase or decrease of 10% on the US denominated cash balance and liabilities has been disclosed in Note 13 – "Financial instruments".

22. Novel coronavirus pandemic

In early January 2020, a human infection originating in China was traced to a novel strain of coronavirus. The virus subsequently spread to other parts of the world including North America and Europe, causing unprecedented disruptions in the global economy as efforts to contain the spread of the virus intensified. On March 11, 2020, the World Health Organization declared this outbreak of coronavirus ("COVID-19") as a pandemic as it spread throughout the world. The March 2020 exploration program on the Gold Range Property, Arizona, was ended prior to completion to comply with health and travel advisories related to COVID-19. Commencing July 1, 2020, the Company continued its planned exploration programs for the summer of 2020, (refer to Note 7 – "Exploration and evaluation assets") as previously imposed travel restrictions as a result of COVID-19 were lifted and the Company determined that work could safely resume in the targeted areas. The summer 2020 exploration program was completed by September 30, 2020. The Company was able to continue its fiscal 2021, Q1 2022 and Q2 2022 planned exploration programs throughout the periods with minimal disruptions due to COVID-19. As the pandemic, including variants of COVID -19, continues to spread throughout the world, the full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

23. Subsequent events

On April 29, 2022, 500,000 warrants, exercisable at $0.08 per share, expiring June 6, 2022, were exercised for total proceeds of $40,000.

On May 1, 2022, the Company appointed Mr. Blair Schultz as an independent director to the Board of Directors.

On May 1, 2022, the Company granted 1,525,000 stock options, pursuant to its stock option plan, to new and existing directors, officers and consultants of the Company. The options are exercisable at a price of $0.18 per share for five years. All of the options have vested with the exception of 200,000 vesting on May 1, 2023 and 200,000 vesting on May 1, 2024. The options were valued at $169,633, using the Black-Scholes Options Pricing model assuming a 5-year term, volatility of 102.32%, a risk-free discount rate of 2.75% and a dividend rate of 0%.

On May 2, 2022, the Company announced a non-brokered private placement financing of up to 19,230,769 units ("Common units") at a price of $0.13 per Common Unit for gross proceeds of up to $2,500,000 subject to TSX Venture Exchange and regulatory approval. Each Common Unit will consist of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one common share at a price of $0.18 per share for a period of two years following closing. After a 6-month non-callable period, the warrants will be subject to acceleration at the Company's discretion if at any time the Company's 20-day volume weighted average share price trades above $0.25.

The following management discussion and analysis (MD&A) is management's assessment of the results and financial condition of CANEX Metals Inc. ("CANEX Metals" or "the Company") for the three and six month periods ended March 31, 2022 and should be read in conjunction with the Unaudited Condensed Interim Consolidated Financial Statements as at and for the three- and six-month periods ended March 31, 2022 ("Q2 2022") and related notes thereto as well as the Audited Consolidated Financial Statements for the year ended September 30, 2021 and related notes thereto. The date of this MD&A is May 11, 2022. CANEX Metals' common shares trade on the TSX Venture Exchange under the symbol "CANX". The Company's most recent filings are available on the System for Electronic Document Analysis and Retrieval ('SEDAR') and can be accessed at www.sedar.com.

The Company's Unaudited Condensed Interim Consolidated Financial Statements for the six months ended March 31, 2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the IFRS accounting policies the Company adopted in its initial IFRS Annual Consolidated Financial Statements as at and for the year ended September 30, 2021. The Company's accounting policies are provided in Note 3 "Summary of significant accounting policies" to the annual Consolidated Financial Statements as at September 30, 2021. All dollar amounts are in Canadian dollars, unless otherwise noted.

The "Qualified Person" under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for CANEX Metals' exploration projects in the following discussion and analysis is Dr. Shane Ebert, P. Geo., a Professional Geologist, registered in the Province of British Columbia and the President and Director of CANEX Metals. The scientific and technical information concerning such properties contained herein has been reviewed by Dr. Ebert.

Statements and/or financial forecasts that are unaudited and not historical, including without limitation, exploration budgets, data regarding potential mineralization, exploration results and future plans and objectives, are to be regarded as forward-looking statements that are subject to risks and uncertainties that can cause actual results to differ materially from those anticipated. Such risks and uncertainties include risks related to the Company's business including, but not limited to: general market and economic conditions, continued industry and public acceptance, regulatory compliance, potential liability claims, additional capital requirements and uncertainty of obtaining additional financing and dependence on key personnel. Actual exploration and administrative expenditures can differ from budget due to unforeseen circumstances, changes in the marketplace that will cause suppliers' prices to change, and additional findings that will dictate that the exploration plan be altered to result in more or less work than was originally planned.

All forward-looking information is stated as of the effective date of this document and is subject to change after this date. There can be no assurance that forward-looking information will prove to be accurate and future events and actual results could differ materially from those anticipated.

1) Principal Business of the Company

CANEX Metals, including its wholly owned subsidiary, Canexco Inc. ("Canexco"), is engaged exclusively in the business of mineral exploration and development and, as the Company have no mining operations and no earnings there from, is considered to be in the exploration stage. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain financing to complete the development of the mineral properties where necessary and upon future profitable production; or, alternatively, upon the Company's ability to recover its costs through a disposition of its interests. The Company's philosophy is to acquire projects at the grass roots level and advance them to a point where partners can be brought in to further the properties to the stage where a mine is commercially feasible, or the property can be sold outright.

The Company has no operating income and no earnings; exploration and operating activities are financed by the sale of common shares and warrants. None of the Company's mineral properties are in production. Consequently, the Company's net income is a limiting indicator of its performance and potential.

2) Highlights – Three and six months ended March 31, 2022

Mineral properties

Gold Range Property, Arizona, USA

- The Gold Range Property is in Northern Arizona within an area that has seen historic lode and placer gold production but limited modern gold exploration. Since assembling the Gold Range property as a grass roots exploration target, the Company has conducted extensive surface mapping, flown a drone magnetic survey, collected 692 surface rock samples, 3,078 surface soil samples, conducted positive bottle roll metallurgical test work, and drilled 6,853 meters in 78 holes. Ongoing surface exploration is adding to the Company's understanding of existing targets and continually identifying new ones which will be systematically advanced, prioritized and drill tested.

  To date, multiple large gold exploration targets have identified in the 3-kilometre-long mineralized corridor stretching from the Eldorado to the Excelsior Zones. This mineralized corridor hosts structurally controlled high grade and bulk tonnage style gold mineralization and initial drill testing has returned multiple intercepts of oxide gold mineralization starting at surface.

  Results from 670 soil samples and 42 rock samples were received and released during Q2 2022 (News Release 22-3, dated March 9, 2022); and combined with geologic mapping have added new exploration targets, and increased the Company's understanding and confidence in, the 3-kilometre-long oxide gold exploration target at Eldorado-Malco-Excelsior. Additionally, 40 new claims were staked to cover the projected strike zone of the Excelsior mineralized trend.

- The third drilling program, which commenced in September 2021, was completed during Q2 2022. A total of 48 holes were drilled for 5,382 metres (17,657 feet) exceeding the planned target of 5,000 metres. To date, results for 20 holes have been received and released; the remaining 28 holes are in the process of being analyzed, the results of which will be released in batches as they are completed. This program initially focused on the Excelsior Zone; and was then extended to the Eldorado and Malco zones, testing a large portion of the 3-kilometre-long mineralized corridor from Eldorado to Excelsior. Additional targets in the northern part of the property were also drill tested during this program. For more detailed information regarding the third drill program, refer to News Releases NR 21-18 dated December 16, 2021, NR 22-1 dated January 13, 2022, NR 22-2 dated February 10, 2022, and NR 22-3 dated March 21, 2022.

- Results from 670 soil samples and 42 rock samples were received and released during Q2 2022 (News Release 22-3, dated March 9, 2022); and combined with geologic mapping have added new exploration targets, and increased the Company's understanding and confidence in, the 3-kilometre-long oxide gold exploration target at Eldorado-Malco-Excelsior. Additionally, 40 new claims were staked to cover the projected strike zone of the Excelsior mineralized trend.

- On February 16, 2022, the Company made a US$15,000 (CDN$18,993) option payment in respect of the Never Get Left Claim in accordance with the terms of the option agreement. For more information, refer to Section 3) "Mineral properties – gold Range, Arizona, USA" outlined below.

- Key exploration events at Gold Range include:
  - Option agreement signed on 3 key claims over a new gold discovery – June 2019
  - CANEX stakes 11 claims surrounding the new gold discovery – June 2019
  - CANEX stakes 23 additional claims – October 2019
  - Trenching and Drilling permits received – October 2019
  - Trenching and mapping program conducted – October 2019
  - CANEX stakes 32 additional claims – November 2019
  - Drone airborne magnetic survey results received – January 2020
  - CANEX stakes 73 additional claims – January 2020
  - Amended exploration permit received – February 2020
  - CANEX options Never Get Left Claim – February 2020
  - Field mapping, prospecting, and soil sampling conducted – Feb to May 2020
  - Field mapping and soil sampling conducted – July to August 2020

- Drill program conducted – August to September 2020
- CANEX stakes 47 additional claims – November 2020
- Second drill program conducted – January 28 to March 1, 2021
- Results from the second drill program released – April 15 to July 6, 2021
- Excelsior Mine Property definitive option agreement signed – June 2, 2021
- Results from metallurgical bottle roll testing – September 8, 2021
- Third drill program conducted – September, 2021 – March, 2022
- Results from surface sampling and mapping – March, 2022

Gibson Prospect, British Columbia

- During the year ended September 30, 2021, the Company determined that further exploration on this property would no longer be a priority unless a third-party partner could be found to further advance the exploration program; however, the Company continues to hold claims which expire in January 2029. Accordingly, the Company impaired the full amount of exploration expenditures to September 30, 2021. In November 2021, the Company received a further extension to meet its minimum exploration expenditures to August 30, 2022. All other terms of the option agreement remain unchanged. For more information, refer to Section 3) "Mineral properties – Gibson Prospect, British Columbia" below.

Corporate

- During the six-month period ended December 31, 2022, the Company received a dividend-in-kind of common shares of Canada Nickel Company Inc. ("Canada Nickel") from Spruce Ridge Resources Ltd. One Canada Nickel share was paid under the dividend declared for every 71.14 Spruce Ridge shares held on October 29, 2021, the record date. On October 29, 2021, the Company held 5,633,500 Spruce Ridge shares. As a result, the Company received a dividend of 79,189 Canada Nickel shares valued at $2.92 per share, for a total value of $231,232. During the three-month period ended December 31, 2021, the Company sold 100% of its Canada Nickel holdings for net proceeds of $238,582 and included a realized gain on the sale of $7,350.

- During the three-month period ended March 31, 2022, the Company held its Annual General Meeting ("AGM") approving the annual Audited Consolidated Financial Statements for the years ended September 30, 2020 and September 30, 2021, and re-electing the Board of Directors.

- On May 2, 2022, the Company announced a non-brokered private placement financing for $2,500,000, the appointment of Blair Schultz as an independent director to the Board of Directors, the exercise of 500,000 warrants for cash proceeds of $40,000 and the granting of 1,525,000 stock options to new and existing directors, officers, and consultants of the Company. For more information relating to these events refer to Section 21) "Subsequent events" and News Release 22-5 dated May 2, 2022.

The Company continues to actively search for new early-stage exploration opportunities and avenues for growth in stable jurisdictions within North America. The Company has not entered into any business combination, acquisition or similar agreements except as noted below in Section 3) "Mineral Properties").

3) Mineral Properties

Gold Range Property, Arizona, USA

As at March 31, 2022 the Company holds 241 lode mining claims and 2 patented claims (1,504 hectares) in respect of the Gold Range Property, including acquisitions via the option agreements noted below as well as staking. The area has seen historic lode and placer gold production but limited systematic modern lode gold exploration. The gross costs and impairments recorded to the Gold Range Property at March 31, 2022 are $3,134,243 and $nil, respectively (September 30, 2021 - $1,947,701and $nil).

On June 11, 2019, the Company's wholly owned subsidiary, Canexco Inc., entered into an Option Agreement to acquire a 100% interest in the Gold Range Property, Arizona, USA from a Prospector, the "Optionor". The

Gold Range Property, under option, is comprised of three staked lode mineral claims with a total area of 61.98 acres and is in Mohave County, Arizona, USA. Since the acquisition through the option agreement, the Company has continued to stake additional lode mining claims increasing its holdings to 192 mining lode claims (1,415 hectares) covering prospective ground surrounding the area of interest optioned. The area has seen historic lode and placer gold production but limited modern lode gold exploration.

Under the terms of the agreement, the Company is committed to make options payments and minimum exploration expenditures totaling US$90,000 and US$80,000 over four years, respectively. On June 11, 2019, the Company paid US$10,000 (CDN$13,405), on June 6, 2020, the Company paid US$15,000 (CDN$20,306) and on June 1, 2021, the Company paid US$15,000 (CDN$18,423) in accordance with the agreement. The Company met its minimum exploration expenditure commitment during the three-month period ended December 31, 2019. In addition, the Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000; the remaining half can be bought back for US$1,000,000. Refer to Section 7) b) “Contractual obligations” for the remaining commitments under the terms of the agreement at March 31, 2022.

On February 24, 2020, the Company’s wholly owned subsidiary, Canexco Inc., entered into an arm’s length Option Agreement to acquire a 100% interest in the Never Get Left Claim, Mohave County, Arizona, USA from Onyx Exploration Inc., the “Optionor”, which is adjacent to the Company’s Pit Zone target on the Gold Range Property. The Never Get Left Claim, under option, is comprised of one staked lode mineral claims with a total area of 20.99 acres and is located in Mohave County, Arizona, USA.

Under the terms of the agreement, the Company is committed to make option payments totaling US$90,000 over four years. On February 24, 2020, the Company paid US$10,000 (CDN$13,397) on February 18, 2021, the Company paid US$15,000 (CDN$19,063) and on February 10, 2022, the Company paid US$15,000 (CDN$18,993), in accordance with the agreement. In addition, the Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000; the remaining half can be bought back for US$500,000. Additionally, the Company must pay 10% of any profits realized from the processing and recovery of metals from the existing leach pad materials located within the Optionor’s claim. Refer to Section 7) c) “Contractual obligations” for the remaining commitments under the terms of the agreement at March 31, 2022.

On January 12, 2021, the Company and its wholly owned subsidiary, Canexco Inc., signed a Letter of Intent (“LOI”) allowing the Company to earn into the Excelsior Mine Property (“the Property”) from a private vendor over 3 stages. The definitive agreement was signed on June 2, 2021 and received TSX-V approval on June 17, 2021. During stage 1, CANEX can earn a 25% interest in the Property by issuing 750,000 common shares of CANEX and spending US$500,000 on exploration. During stage 2, CANEX can earn 51% interest in the Property by issuing 1 million shares of CANEX, spending US$2,000,000 and paying a bonus payment equivalent to 1% of the gold price on recoverable gold equivalent ounces defined in the measured and indicated resource categories. Stages 1 and 2 must be completed over 2.5 years. On June 25, 2021, the Company issued 750,000 common shares valued at $84,375, in accordance with the agreement.

During stage 3 CANEX can earn a 90% interest in the Property by issuing 1,000,000 CANEX shares and spending US$2,000,000 on exploration and development including an economic study. To complete the stage 3 earn in, CANEX must make another bonus payment to the Vendors equivalent to 1.5% of the gold price on recoverable gold equivalent ounces defined in the proven and probable reserve categories.

CANEX has 2 years to complete the stage 3 earn in once Stage 2 is complete. Once CANEX has earned a 90% interest in the Property, the Vendors can elect to maintain their 10% ownership by contributing their 10% share to exploration and development or to give up 100% ownership to CANEX and revert to a 1.5% NSR.

Refer to Section 7) d) “Contractual obligations” for the remaining commitments under the terms of the agreement at March 31, 2022.

CANEX first became interested in the Gold Range property in 2019, following the discovery of a quartz vein containing abundant visible gold by a local prospector. This area is termed the Discovery Zone, and subsequent work by CANEX has demonstrated that soil sampling is an effective tool for identifying these covered gold zones, with a test soil line over the Discovery Zone returning up to 838 parts per billion gold in proximity to the discovery. CANEX conducted soil sampling, mapping, and surface chip sampling around the Discovery Zone defining a 1000-metre-long linear trend of historic workings and exposed quartz veins centered around the Adit zone. During Q4 2019, the Company submitted a reclamation bond of US$20,450, for its proposed exploration program. Permitting for trenching and drilling activities was received in October 2019. The Company commenced an excavator trenching, surface rock and soil sampling and geologic mapping program during Q1 2020. This program was subsequently followed up by a property wide airborne magnetic survey, additional trenching and drilling.

An amended exploration permit was received in February 2020, and a surface exploration program was initiated in March 2020. This program was ended prior to completion to comply with health and travel advisories related to the Corona virus pandemic (see Section 20) “Novel corona virus pandemic”). However, during Q3 2020, the Company engaged a local contractor to complete a seven-day field program of soil sampling. Results for 303 soil samples and one rock sample from the Central zone are reported in News Release 20-13 dated April 27, 2020. Results related to the February and March field programs are reported in News Release 20-14 dated May 11, 2020. Additional results related to the May field program are reported in News Release 20-17 dated June 29, 2020.

On July 2, 2020, the Company resumed surface exploration and mapping activities focusing on expanding existing zones and discovering new zones of gold mineralization. Multiple new gold exploration targets were identified and prepared for testing. Over 100 rock samples and 214 soil samples were collected from these targets and submitted for assay, the results of which were disclosed in News Release 20-19 dated September 10, 2020, and News-Release 20-20 dated September 29, 2020.

The maiden drill program on the property began on August 25, 2020. Equipment limitations forced early termination of the drill program with 88 percent of the planned drilling being completed. This program resulted in a new bulk tonnage target being identified at the Eldorado zone highlighted by hole GR20-9 which returned 0.9 g/t gold over 27.4 metres from surface. Results from this program were released in News Releases 20-20, 20-21 and 20-22 dated October 7, 2020, November 2, 2020, and November 16, 2020. Based on these results, the Company planned and completed a second drill program.

The second drill program was conducted between January 28, 2021, and March 1, 2021, and consisted of 34 drill holes across 2.5 kilometres of strike length along the southern portion of the Gold Range Property. In total, 2357.6 metres were drilled in holes ranging from 38 to 192 meters deep. 1642 drill samples were collected and submitted for assay. Fifteen holes were drilled at the Eldorado Zone to test and expand the Company’s previously announced bulk tonnage oxide discovery, 5 holes tested various targets across the southern part of the property and 14 holes tested the Excelsior Mine area. Refer to News Releases 21-5 dated January 28, 2021, 21-6 dated March 1, 2021, 21-7 dated April 15, 2021, 21-8 dated April 26, 2021, 21-9 dated May 27, 2021, 21-11 dated June 7, 2021, 21-12 dated June 14, 2021, 21-13 dated June 28, 2021, and 21-14 dated July 6, 2021 for more information regarding the drill program and results.

Additional metallurgical test work was conducted on 8 bottle roll samples achieving final cyanide soluble gold recoveries ranging from 94 to 99%, averaging 97%. The test work showed rapid leach kinetics with the majority of gold extracted with the first 6 hours, and maximum extraction almost complete within 24 hours. As well, sodium cyanide and lime consumption are well with acceptable levels and the overall results indicate Gold Range gold mineralization is well suited for heap leach recovery. These exceptional recoveries throughout the mineralized zone, demonstrate that the system could be amenable to heap leach processing and significantly de-risk the bulk tonnage heap-leach concept at Gold Range. For more information relating to these test results, refer to News Release 21-16 dated September 8, 2021.

During Q4, 2021 the Company conducted a field program including additional geologic mapping, collecting soil samples and construction of drill pads in preparation for the third drilling program, which commenced in September 2021. The third drilling program was completed during Q2 2022. A total of 48 holes were drilled for 5,382 metres (17,657 feet) exceeding the planned target of 5,000 metres. To date, results for 20 holes have been received and released; the remaining 28 holes are in the process of being analyzed, the results of which will be released in batches as they are completed. This program initially focused on the Excelsior Zone; and was then extended to the Eldorado and Malco zones, testing a large portion of the 3-kilometre-long mineralized corridor from Eldorado to Excelsior. Additional targets in the northern part of the property were also drill tested during this program. For more detailed information regarding the third drill program, refer to News Releases NR 21-18 dated December 16, 2021, NR 22-1 dated January 13, 2022, NR 22-2 dated February 10, 2022, and NR 22-3 dated March 21, 2022. Results from 670 soil samples and 42 rock samples were received and released during Q2 2022 (News Release 22-3, dated March 9, 2022); and combined with geologic mapping have added new exploration targets, and increased the main exploration target extending from Eldorado-Malco-Excelsior to 3.2 kilometres long by 500 metres wide. Additionally, 40 new claims were staked to cover an additional 2 kilometres of projected strike length extending northeast of the Excelsior mineralized trend under basin cover.

Gibson Prospect, British Columbia

The Gibson prospect ("Gibson") is 887 hectares in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The area is accessible via a network of all-weather logging roads. Gibson contains mesothermal gold-silver mineralization hosted in highly altered volcanic and sedimentary rocks adjacent to the Hogem Batholith. The zone was discovered and explored by Noranda Exploration Company from 1989 to 1991. Following soil sampling and induced polarization geophysical surveys, Noranda exposed precious metal mineralization in hand trenches with surface samples returning 12.86 g/t gold and 144.7 g/t silver over 1.5 meters and 5.35 g/t gold and 2136 g/t silver over 1.7 meters. Noranda subsequently drilled 9 holes with 8 of the 9 holes intersecting significant gold and silver mineralization. The best drill intercept returned 4.26 meters grading 6.77 g/t gold and 1828 g/t silver. The mineralized zone appears to be about 4.5 metres wide and at least 400 metres long and remains open in all directions. Prior to recent work by CANEX no follow up trenching or drilling has been conducted at Gibson since the highly successful Noranda program.

The Noranda hand trenching and drill results are reported in BC Assessment report 21762 for Noranda Exploration Company by Stewart and Walker 1991. This drilling was done prior to NI 43-101 and should be considered historic in nature. The results have not been verified by CANEX Metals and should not be relied upon.

On April 4, 2017, the Company announced it had signed a Letter of Intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"), a wholly held subsidiary of Altius Minerals (TSX: ALS). The Option agreement (“the Agreement”) was executed on May 12, 2017; and received Exchange approval on May 17, 2017. The Company also assumed the obligation of an underlying option agreement with Steven Scott, an arm’s length party (the “Underlying Agreement”).

Under the terms of the Agreement, the Company is committed to issue a maximum 3,545,000 common shares to Altius, in three stages plus incur minimum exploration expenditures up to $500,000 within 18 months and make $90,000 in cash or share equivalent payments to Steven Scott, to earn a 100% interest in Gibson. The Company issued 1,125,000 common shares to Altius on signing of the Option Agreement and Exchange approval valued at $78,750 and paid $5,000 to Steven Scott pursuant to the Underlying Agreement. On February 14, 2018, the Company paid Steven Scott $15,000 pursuant to the Underlying Agreement. On October 5, 2018, the Company issued 1,180,000 common shares to Altius valued at $82,600 pursuant to the Agreement. The Company issued 400,000 common shares valued at $20,000, 121,951 common shares valued at $25,000 and 185,185 common shares valued at $25,000 on February 21, 2019, February 27, 2020 and February 26, 2021, respectively to Steven Scott pursuant to the Underlying Agreement. Effective February 26, 2021, under the terms of the Underlying Agreement with Steven Scott, the Company has fulfilled its obligations with respect to cash or cash equivalent payments and minimum exploration expenditures. On November 12, 2018, the Company was granted an extension to meet its minimum exploration expenditures of $500,000 by November 12, 2018 to July 15, 2019, as lack of access during 2018, in part, prevented the Company from completing the required expenditures with in the allotted time. The Company was subsequently granted further extensions to meet its minimum exploration expenditures of $500,000. The agreement has been amended to allow the Company to meet minimum exploration expenditures by August 30, 2022. All other terms of the Agreement remain unchanged. For more information relating to this transaction see News Release 17-1 issued April 4, 2017 and Section 7) Contractual obligations in this report.

Prior to 2019, Shane Ebert through his company, Vector Resources (see Note 17 - "Related parties and transactions and key management remuneration" to the Audited Consolidated Financial Statements for the year ended September 30, 2021, which accompany this MD&A) was involved in British Columbia project generation activities for Altius. Vector Resources is entitled to 5% of the compensation, 177,250 shares, due to Altius under the Gibson agreement.

In addition, Altius will retain a right to purchase an underlying 1.5% Net Smelter Royalty ("NSR") and preferential rights on any future royalties or streams granted on the Property. If the Company achieves measured and indicated mineral resources in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years.

Pursuant to the Underlying Agreement, Steven Scott is also entitled to the additional milestone bonuses of 1) $25,000 in cash or securities upon a Bankable Feasibility Study; and 2) $50,000 in cash or securities upon Commercial Production.

Exploration permits for Gibson were received allowing the Company to establish an access road into the zone and conduct trenching and drilling. During August 2017, the Company completed an access trail into Gibson and excavated 8 trenches, uncovering considerable zones of alteration and silver-gold mineralization. Detailed trench mapping and sampling was conducted with 161 surface rock samples and 464 soils collected. Highlights of the trenching results include 4.0 g/t gold equivalent (Au Eq) over 12 metres, 24.1 g/t Au Eq over 1 metre, 5.9 g/t Au Eq over 3 metres, 10.7 g/t Au Eq over 1 metre, 1.3 g/t Au Eq over 16 metres, 2.8 g/t Au Eq over 9 metres, and 5.5 g/t Au Eq over 3 metres. As a condition of permitting, the Company has issued a $10,000 reclamation security deposit to British Columbia Ministry of Energy and Mines.

The Company completed its summer 2018 drilling program on the Gibson Prospect in October 2018. Ten shallow drill holes were completed, testing a small portion of a soil anomaly measuring 850 metre long by up to 500 metres wide. The results for all holes have been received and are summarized in the News Release 19-2, dated January 16, 2019. The main Gibson Vein Zone (“GVZ”) shows high grade and bulk minable potential. Five of six holes drilled into the GVZ have returned high grade and indicate continuity over the 200 metres of strike drilled to date. Two to three subparallel veins ranging from 0.5 to 3.7 metres wide occur within the GVZ and the veins remain open in all directions.

During Q4 2021, the Company allowed an exploration permit application for Gibson to expire as it remains focused on its Arizona project. Accordingly, the Company impaired the full amount of exploration expenditures incurred at Gibson to September 30, 2021. The Company, however, does continue to hold the property claims, which expire January 2029, keeping possibilities open for the Company to find a third-party partner to further the exploration program. The gross costs and impairment recorded to the Gibson Prospect as at March 31, 2022 are $473,527 and $473,527 respectively (September 30, 2021 - $473,527 and $nil).

4) Operating Results

A summarized statement of operations appears below to assist in the discussion that follows:

	Three months ended March 31		**Six months ended March 31**	
	2022	**2021**	**2022**	**2021**
General and administrative	**$ (57,730)**	$ (121,022)	**$ (146,615)**	$ (231,295)
Reporting to shareholders	**(13,950)**	(109)	**(18,240)**	(17,721)
Professional fees	**(2,254)**	(5,224)	**(9,704)**	(10,287)
Stock exchange and transfer agent fees	**(5,129)**	(5,256)	**(7,271)**	(7,350)
Depreciation	**-**	(4)	**(30)**	(9)
Dividend income	**-**	-	**231,232**	-
Interest and other	**(3,589)**	(1,610)	**(8,050)**	(3,315)
Gain (loss) on short-term investments	**(112,670)**	84,503	**(48,985)**	415,381
Net and comprehensive (loss) income	**$ (195,322)**	$ (48,722)	**$ (7,663)**	$ 145,404

The most significant changes in other expenditures follow:

- Variances in general and administrative expenditures and professional fees are examined in further detail in the chart below.
- Reporting to shareholders' expenditures during the six-month period ended March 31, 2022 include fees for filing the fiscal 2021 annual audited financial statements (Q1 2022) as well as expenditures for the Annual General Meeting ("AGM") held during Q2 2022, relating to the fiscal 2020 and 2021 annual audited financial statements. Reporting to shareholders' expenditures during the six-month period ended March 31, 2021 include fees for filing the fiscal 2021 annual audited financial statements as well as expenditures for the AGM relating to the fiscal 2019 annual audited financial statements, both of which took place during Q1 2021.
- There is no significant variance between the current three- and six-month period and the comparative three- and six-month period for Stock exchange and transfer agent fees, which relate directly to the number of security exchange transactions during the periods.
- On October 22, 2021, Spruce Ridge declared a dividend in-kind of common shares of Canada Nickel that was payable on or before November 5, 2021. The dividend was paid on October 29, 2021, to shareholders of Spruce Ridge at the close of business on October 29, 2021, the record date. One Canada Nickel share was paid under the dividend declared for every 71.14 Spruce Ridge shares held. At October 29, 2021, the Company held 5,633,500 Spruce Ridge shares. As a result, the Company received a dividend of 79,189 Canada Nickel shares at $2.92 per share valued on October 29, 2021, for a total value of $231,232. There was no similar transaction during the current three-month period and the comparative three- and six-month periods.
- Interest and other income include interest earned from a high interest savings account, management fees and foreign exchange gains and losses. During the current three- and six-month period, the Company recognized foreign exchange losses of $3,700 and $8,300 respectively versus $1,800 and $3,600 during the comparative three- and six-month periods respectively, resulting in the majority of the variance between the periods.
- During the six-month period ended March 31, 2022, the Company recognized a net loss of $48,985 on its short-term investments, including a net realized gain of $7,350 on the sale of certain short-term investments and net cash proceeds of $238,600. During the six-month period ended March 31, 2021, the Company recognized a net gain of $415,381 on its short-term investments, including a net realized gain of $51,711 on the sale of certain short-term investments and net cash proceeds of $121,826. Refer to Note 7 "Short-term investments" to the Unaudited Condensed Interim Consolidated Financial Statements for the three- and six-month period ended March 31, 2022, which accompany this document, for further information regarding these transactions. The remainder of the gains or losses in each respective period result from adjusting the Company's holdings in common shares to fair value at the respective period ends. These market price changes result in significant valuation adjustments from period to period.

General and administrative expenses

Details of the components of General and Administrative expenses appear below to assist in the discussion that follows:

	Three months ended March 31		Six months ended March 31	
	2022	**2021**	**2022**	**2021**
Administrative consulting fees	$ **32,309**	$ 84,031	$ **75,123**	$ 162,992
Occupancy costs	**4,697**	4,697	**9,394**	9,394
Office, secretarial and supplies	**9,166**	16,981	**22,182**	34,352
Travel and promotion	**7,076**	11,925	**30,667**	17,937
Insurance	**3,079**	1,777	**6,158**	3,555
Directors' fees	**1,000**	1,000	**2,000**	1,600
Computer network and website maintenance	**403**	611	**1,091**	1,465
Total general and administrative expenses	$ **57,730**	$ 121,022	$ **146,615**	$ 231,295

- Administrative consulting fees, which consist of fees for the CFO, the controller, geological consulting, and services provided by other consultants, during the current three- and six-month period respectively, have decreased by $52,000 and $88,000 from the comparative three- and six-month period. Q2 2022 fees include geological consulting fees of $4,900 (Q2 2021 – $6,200), fees to the controller of $4,900 (Q2 2021 - $5,600) and fees to other consultants of $22,500 (Q2 2021 – 72,200). Year to date expenditures include geological consulting fees of $14,500 (March 31, 2021 - $18,800), fees to the controller of $15,600 (March 31, 2021 - $16,300) and fees to other consultants of $45,000 (March 31, 2021 - $128,000). Current and comparative period geological consulting and other consulting fees relate to managing investor relations and marketing to secure corporate financing.
- There is no change in occupancy costs between the current and comparative periods. See Note 17 - "Related party balances and transactions and key management remuneration" to the Unaudited Condensed Interim Consolidated Financial Statements dated March 31, 2022, which accompany this document.
- There is a decrease of $7,800 and $12,200 in office, secretarial and supplies between the current three- and six-month periods respectively, and the comparative three- and six-month periods. The majority of the variance relates to contract fees for administrative services and office supply expenditures. The change is consistent with the activities and expenditures incurred during the respective period ends.
- Travel and promotional expenditures have decreased by $4,800 and increased by $12,700 between the current and comparative three- and six-month periods respectively and are in accordance with the 2022 budget. The Company has continued its promotional efforts with respect to investor relations through a number of avenues, including presenting to potential investors at virtual conferences, and investments in various on-line investor relations management tools. The current three- and six-month periods include expenditures for investor and lead generation subscriptions which were not incurred during the comparative three- and six-month periods.
- Insurance premiums related to Directors and Officers liability have increased commencing June 1, 2021, by $4,100. This increase is reflected in insurance expense for the current three- and six-month periods.
- Commencing January 1, 2021, the Company increased payments to directors who are not officers of the Company to $500 for meeting attendance in person or by telephone. Prior to January 1, 2021, the Company paid directors who were not officers $500 for meeting attendance in person and $300 for meeting attendance by telephone. There are two directors who are not officers and the amounts above reflect directors' fee paid or payable for meetings attended during the above-noted periods.
- There is no significant variance between current and comparative three- and six-month period expenditures for computer network and website maintenance. These expenditures include website hosting fees, internet fees and other computer related expenditures.

Professional fees

	Three months ended March 31		Six months ended March 31	
	2022	2021	**2022**	2021
Audit and accounting	**$ 186**	$ -	**$ 5,143**	$ 2,145
Legal and filing fees	**2,068**	5,224	**4,561**	8,142
Total professional fees	**$ 2,254**	$ 5,224	**$ 9,704**	$ 10,287

- Professional fees consist of annual auditing fees plus legal and other filing fees. The current and comparative six-month period audit and accounting fees relate to the audited financial statements, and filing US tax returns on account of Canexco, for the years ended September 30, 2021 and 2020 respectively.
- Legal and filing fees incurred in Q1 and Q2 2022 include $1,075 for miscellaneous legal consultations and audit support; the remainder relate to news releases during the period. Q1 and Q2 2021 legal and filing fees include $4,500 for miscellaneous legal consultations and audit support; the remainder relate to news releases during the period.

5) Liquidity and Capital Resources

The Company's working capital position at March 31, 2022 was $512,880 (September 30, 2021 - $1,707,055) a decrease of $1,194,175. Changes to working capital and cash flow in the current and comparative periods are discussed below:

- The current three- and six-month periods operating expenditures resulted in a cash outflow of $77,999 and $177,908 respectively, compared to $223,350 and $365,057 during the respective comparative three- and six-month periods. The variances are consistent with the factors described in Section 4) "Operating results".
- During Q1 and Q2 2022, the Company incurred foreign exchange losses on its US dollar denominated bank account resulting in net cash outflows of $3,589 and $8,050 in each respective period. During Q1 and Q2 2021, the Company incurred foreign exchange losses on its US dollar denominated bank account resulting in net cash outflows of $1,610 and $3,315 in each respective period.
- A decrease in the fair market value of the short-term investments from September 30, 2021 to March 31, 2022 resulted in a net loss of $56,335 and a decrease in working capital (2021 – net gain of $363,670).
- During the six-month period ended March 31, 2022, the Company disposed of 79,189 Canada Nickel common shares resulting in a net realized gain of $7,350 and net cash proceeds of $238,582. During the six-month period ended March 31, 2021, the Company disposed of 100,000 Commander Resources Ltd. shares, 31,500 Maple Gold Mines Ltd. shares and 54,867 Canada Nickel Co. Inc. shares resulting in a net realized gain of $51,711 for net cash proceeds of $121,626. See Note 7 – "Short-term investments" to the Unaudited Condensed Interim Consolidated Financial Statements dated March 31, 2022 for more information.
- During the six-month period ended March 31, 2022, the Company invested $1,016,662 (March 31, 2021, - $474,246) in exploration and evaluation assets for exploration activities, which primarily relate to the Gold Range property in Arizona, USA. See Note 8 – "Exploration and evaluation assets" to the Unaudited Condensed Interim Consolidated Financial Statements dated March 31, 2022, which accompany this document and Section 3) "Mineral Properties" for more information. During the three-month period ended March 31, 2021, the Company also received $4,450 for a British Columbia Mining Exploration Tax credit on account of the Echo property, British Columbia for expenditures relating to the year ended September 30, 2020.
- There were no financing activities during the three- and six-month periods ended March 31, 2022.
- During the six-month period ended March 31, 2021, 2,300,000 warrants exercisable at $0.10 per share, expiring October 20, 2020, were exercised for total proceeds of $230,000.
- During the three-month period ended March 31, 2021, the Company closed a non-brokered private placement financing for aggregate gross proceeds of $1,700,000, of which partial proceeds of $670,010 were received during Q1 2021. The Company also incurred cash share issuance costs of $28,122. Refer to Section 6) "Financing" below for further information.

The Company is continually investigating financing options. The continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future.

The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for 12 months assuming similar activity levels to the previous year. However, increases in activity levels, new property acquisitions and increased levels of exploration on it mineral properties will require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 "Nature and continuance of operations" to the Unaudited Condensed Interim Consolidated Financial Statements dated March 31, 2022.

6) Financing

Six-month period ended March 31, 2022

There were no financing activities during the six-month period ended March 31, 2022.

Year ended September 30, 2021

On October 15, 2020, 2,300,000 warrants exercisable at $0.10 per share, expiring October 20, 2020, were exercised for total proceeds of $230,000 including 100,000 warrants exercised by related parties.

On January 7, 2021, the Company closed the first tranche of its non-brokered private placement, issuing 16,292,500 common shares at $0.10 per share for aggregate gross proceeds of $1,629,250. On January 11, 2021, the Company closed the final tranche of its non-brokered private placement, issuing 707,750 common shares at $0.10 per share for aggregate gross proceeds of $70,750. A total of $16,500 was paid in finder’s fees in connection with this financing.

On February 26, 2021, the Company issued 185,185 common shares valued at $25,000 pursuant to an option agreement on the Gibson property. The share issuance was valued using the closing share price on the transaction date. See Section 3) “Mineral properties – Gibson Prospect, British Columbia” for more information.

On March 23, 2021, 460,000 warrants, exercisable at $0.25 per share, expired without exercise.

On June 25, 2021, the Company issued 750,000 common shares valued at $84,375 pursuant to an option agreement on the Gold Range property. The share issuance was valued using the closing share price on the transaction date. See Section 3) “Mineral properties – Gold Range property, Arizona, USA”.

7) Contractual Obligations

a) On April 4, 2017, the Company announced it had signed a Letter of intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"). Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The purchase agreement was executed on May 12, 2017 and received Exchange approval on May 17, 2017. The Company also assumed the obligations of an underlying option agreement with Steven Scott.

The remaining commitments of the agreement are as follows:

	Altius	
	Share issues	Minimum Exploration Expenditures *
		($)
Expenditure commitment, on or before August 30, 2022	-	500,000
Following the completion of the Expenditure Commitment	1,240,000	-
Total remaining commitment	1,240,000	500,000

* - as at March 31, 2022, the Company has incurred exploration expenditures of $293,500

In addition, Altius will retain a right to purchase an underlying 1.5% Net Smelter Royalty ("NSR") and preferential rights on any future royalties or streams granted on the Property. If the Company achieves measured and indicated mineral resources in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years.

Pursuant to the Underlying Agreement, Steven Scott is also entitled to the additional milestone bonuses of 1) $25,000 in cash or securities upon a Bankable Feasibility Study; and 2) $50,000 in cash or securities upon Commercial Production.

On November 12, 2018, the Company was granted an extension to meet its minimum exploration expenditures of $500,000 by November 12, 2018, to July 15, 2019, as lack of access during 2018, in part, prevented the Company from completing the required expenditures within the allotted time. The Company was subsequently granted further extensions to meet its minimum exploration expenditures of $500,000. The agreement has been amended to allow the Company to meet minimum exploration expenditures by August 30, 2022. All other terms of the agreement remain unchanged.

b) On June 11, 2019, the Company's wholly owned subsidiary, Canexco Inc., entered into an Option Agreement to acquire a 100% interest in the Gold Range Property, Arizona, USA from a Prospector, the "Optionor" Under the terms of the Agreement, the Company is committed to the following cash payments and minimum exploration expenditures:

	Option payments
Due date	**US$**
June 11, 2022	20,000
June 11, 2023	30,000
Total remaining commitment as of March 31, 2022	50,000

The committed option payments and exploration expenditures of US$50,000 would equate to CDN$62,480 using the March 31, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments CDN$6,248.

c) On February 24, 2020, the Company's wholly owned subsidiary, Canexco Inc., entered into an arm's length Option Agreement to acquire a 100% interest in the Never Get Left Claim, Mohave County, Arizona, USA from Onyx Exploration Inc.

As at March 31, 2022, under the terms of the Agreement, the Company is committed to the following cash payments:

	Option Payments
Due date	**US$**
February 24, 2023	20,000
February 24, 2024	30,000
Total committed cash payments and minimum exploration expenditures	50,000

The remaining committed option payments of US$50,000 would equate to CDN$62,480, using the March 31, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $6,248.

d) On January 12, 2021, the Company and its wholly owned subsidiary, Canexco Inc., signed a Letter of Intent ("LOI") allowing the Company to earn into the Excelsior Mine Property ("the Property") from a private vendor over 3 stages. Stages 1 and 2 must be completed over 2.5 years. To complete the stage 2 earn in, CANEX must make a bonus payment equivalent to 1.0% on recoverable gold equivalent ounces defined in the measured and indicated resource categories. To complete the stage 3 earn in, CANEX must make another bonus payment to the Vendors equivalent to 1.5% of the gold price on recoverable gold equivalent ounces defined in the proven and probable reserve categories. CANEX has 2 years to complete the stage 3 earn in once Stage 2 is complete. Once CANEX has earned a 90% interest in the Property, the Vendors can elect to maintain their 10% ownership by contributing their 10% share to exploration and development or to give up 100% ownership to CANEX and revert to a 1.5% NSR.

As at March 31, 2022, under the terms of the Agreement, the Company is committed to the following share issuances and minimum exploration expenditures:

	Option payments Common Shares	Minimum exploration expenditures (US$)	Earn in on completion of obligation (%)
Stage 1	750,000	500,000	25
Stage 2	1,000,000	2,000,000	26
Stage 3	1,000,000	2,000,000	39
Total	2,750,000	4,500,000	90
Less obligations fulfilled to March 31, 2022	(750,000)	(765,000)	-
Total remaining commitments to March 31, 2022	2,000,000	3,735,000	

The remaining committed minimum exploration expenditures of US$3,735,000 equate to CDN$4,667,256 using the March 31, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $466,726.

8) Exploration Expenditures

Refer to Note 8 “Exploration and evaluation assets,” to the Unaudited Condensed Interim Consolidated Financial Statements for exploration and evaluation asset expenditures for the three- and six-month periods ended March 31, 2022.

9) Off-Balance Sheet Transactions

There are no off-balance sheet transactions to report.

10) Selected Quarterly Financial Information

The following selected financial data has been extracted from the Unaudited Condensed Interim Consolidated Financial Statements for the fiscal periods indicated and should be read in conjunction with those unaudited financial statements.

Three months ended	**Mar 31 2022 (Q2 2022)**	**Dec 31 2021 (Q1 2022)**	**Sep 30 2021 (Q4 2021)**	**Jun 30 2021 (Q3 2021)**	**Mar 31 2021 (Q2 2021)**	**Dec 31 2020 (Q1 2021)**	**Sep 30 2020 (Q4 2020)**	**Jun 30 2020 (Q3 2020)**
	$	$	$	$	$	$	$	$
Loss before impairment of exploration and evaluation assets	(79,063)	(102,797)	(170,212)	(87,924)	(131,615)	(135,047)	(84,258)	(102,092)
Impairment of exploration and evaluation assets	-	-	(473,527)	-	-	-	4,450	-
Loss before other items	(79,063)	(102,797)	(643,739)	(87,924)	(131,615)	(135,047)	(79,808)	(102,092)
Dividend income	-	231,232	-	-	-	-	98,575	-
Interest and other income	(3,589)	(4,461)	9,264	(3,180)	(1,610)	(1,705)	(1,537)	370
Gain (loss) on short-term investments	(112,670)	63,685	(169,005)	(56,335)	84,503	330,878	128,998	200,351
Comprehensive profit (loss)	(195,322)	187,659	(803,480)	(147,439)	(48,722)	194,126	146,228	98,629
Basic and diluted earnings (loss) per share	0.00	0.00	(0.01)	0.00	0.00	0.00	0.00	0.00

Generally, the most significant influences on the variability of profit or loss are the amount of stock-based compensation, the amount of exploration and evaluation asset impairments or recoveries, and gains or losses on short-term investments. However, the increase in activity in the junior mining sector in recent years has also resulted in increased expenditures.

The Company's improved working capital position in recent periods has allowed the Company to expand its operations into fiscal 2020, 2021 and 2022 which is reflected above including expenditures for administrative consulting fees, office expenditures and travel and promotional activities as described in Section 4) "Operating results, General and administrative expenses". Q4 2021 and Q4 2020 loss before impairment of exploration and evaluation assets includes stock option compensation of $74,749 and $37,417 respectively, granted to officers, directors, and consultants of the Company. Additionally, the most recent AGMs were held in Q2 2022 and Q1 2021.

The timing of the impairments and gains on sale of the Company's Exploration and evaluation assets cannot be predicted in advance and will vary from one reporting period to the next. As a result, there may be dramatic changes in the financial results and balance sheet position reported by the Company on a period-by-period basis. Q4 2021 impairment is related to the Gibson Prospect mineral property of which the full amount of expenditures was impaired. Q4 2020 recovery is related to the British Columbia Mining Exploration Tax credit applied for at September 30, 2020 on account of the Echo property, British Columbia which was fully impaired during Q2 2020.

Losses in interest and other income in Q4 2020, Q1 2021, Q2 2021, Q3 2021, Q1 2022 and Q2 2022, reflect foreign exchange losses on a US dollar denominated bank account held by the Company to conduct its business in the United States. During Q4 2021, the Company incurred a foreign exchange gain on its US denominated bank account.

The Company received common shares in four separate publicly traded Companies as partial consideration for the sale of mineral property interests in past years. Comprehensive Profit or Loss will fluctuate as the carrying value of these investments is adjusted to fair value at the respective period ends. In addition, on June 23, 2020, Spruce Ridge declared a dividend-in-kind of common shares of Canada Nickel, based on the number of shares held at July 6, 2020, the record date, at a ratio of 1 Canada Nickel share to 53.72 Spruce Ridge shares. On September 4, 2020 (Q4 2020), the Company received 104,867 shares valued at $0.94 per share for a total value of $98,575. A similar transaction occurred during Q1 2022, where Spruce Ridge again declared a dividend-in-kind of Canada Nickel common shares, based on the number of shares held on October

29, 2021, the record date at a ratio of 1 CNC share to 71.14 Spruce Ridge shares. On October 29, 2021, the Company received 79,189 CNC shares valued at $2.92 per share for a total value of $231,232.

11) Directors and Officers

Shane Ebert	*Director and President*	Gregory Hanks	*Director*
Jean Pierre Jutras	*Director and Vice-President*	Chantelle Collins	*Chief Financial Officer*
Barbara O'Neill	*Corporate Secretary*	Lesley Hayes	*Director*

12) Related Party balances and transactions and key management remuneration

Transactions and balances are disclosed and explained in Note 17 to the Unaudited Condensed Interim Consolidated Financial Statements for the three- and six-month periods ended March 31, 2022 which accompanies this MD&A.

13) Share capital and equity reserves

Refer to Note 12 to the financial statements and the Condensed Interim Statement of Changes in Equity for common share capital, stock option and warrant transactions during the three- and six-month periods ended March 31, 2022, and balances as at that date.

During the subsequent period from April 1, 2022, and up to May 11, 2022, the date of this report, there were no shares issued or cancelled and returned to treasury. No warrants were issued, and none expired; however, 500,000 warrants were exercised. As well, no options expired and none were exercised; however, 1,525,000 options were issued. Refer to Section 21) - "Subsequent events" for more information relating to the warrants exercised and options issued during this subsequent period.

14) Financial instruments

The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company undertakes transactions denominated in US currency through its exploration in the US; consequently, it is exposed to exchange rate fluctuations. The Company will acquire US funds from time to time to settle US$ denominated liabilities. On March 31, 2022, the Company had US$57,045, (CDN$71,283) in a US denominated bank account (September 30, 2021 - US$248,777, (CDN$316,967)). The effect of a foreign currency increase or decrease of 10% on this cash holding would result in an increase or decrease of CDN$7,128 (September 30, 2021 - CDN$31,697). Additionally, at March 31, 2022, accounts payable and accrued liabilities include liabilities of US$250,512, (CDN$313,040) (September 30, 2021 - US$106,101 (CDN$135,183)), that must be settled in US$. The effect of a foreign currency increase or decrease of 10% on this liability would result in an increase or decrease of CDN$31,304 (September 30, 2021 – CDN$13,518) to the amount payable.

15) Financial risk management

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of receivables and government grant receivables. The Company has had a history of prompt receipt of their receivables and considers credit risk to be low on these instruments as at March 31, 2022 and September 30, 2021.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for 12 months assuming similar activity levels to the previous year. However, increases in activity levels, new property acquisitions and increased levels of exploration on its mineral properties will require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 "Nature and continuance of operations" to the unaudited Condensed Interim Consolidated Financial Statements dated March 31, 2022.

The Company’s significant remaining contractual maturities for financial liabilities at March 31, 2022 and September 30, 2021 are as follows:

- Accounts payable and accrued liabilities are due within one year.

c) Market risk

The Company's equity investments are subject to market price risk. The investments in common shares are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price value of these investments can vary from period to period. During the six-month period ended March 31, 2022, the market price fluctuation on the investments held, resulted in a net loss of $56,335 (September 30, 2021 - net gain of $138,330) on short-term investments. In 2022, a 10% change in fair value of the Company's marketable investments would result in a charge to income of $5,634 (September 30, 2021 - $61,969). The Company does not intend to hold these investments for more than one year.

The Company has not yet developed producing mineral interests; it is not exposed to commodity price risk associated with developed properties at this time.

d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income; it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

e) Foreign exchange risk

The Company undertakes transactions denominated in US currency; consequently, it is exposed to exchange rate fluctuations. The effect of a foreign currency increase or decrease of 10% on the US denominated cash balance and liabilities has been disclosed in Section 14) “Financial instruments”. The Company has disclosed US dollar commitments pertaining to two option agreement in Section 7) “Contractual obligations b), c) and d)”.

16) Outlook

The Company’s primary objective is to discover mineral resources in economic quantities capable of supporting an operating mine. Should the Company discover such a promising property, it would likely attempt to ally with a more senior mining company that might option-in on the property or purchase the property outright, as the Company does not have expertise in operating a mine.

- During fiscal 2021, the Company’s treasury was increased by a number of different events including the exercise of warrants, a private placement financing and the sale of short-term investments bringing in $230,000, $1,700,000 and $121,600 in cash, respectively. During Q1 2022, additional short-term investments were sold, further bolstering the Company’s treasury by $238,000. The increase in the Company’s treasury has allowed the Company to implement an extensive drilling program on its Gold Range Property in Arizona, USA, that commenced in mid-September 2021 and was completed in March 2022. Further exploration on this property will be dependent on the results of the drill program which are being released as they become available. With further exploration success and pending contractor availability the Company is tentatively planning a further exploration program that would commence in June 2022 and would require additional financing to complete. For more details regarding the Gold Range property and the exploration activities conducted to date, refer to Section 3) "Mineral properties, Gold Range Property, Arizona, USA).

- With respect to the Gibson Prospect, throughout fiscal 2019, 2020 and 2021, the Company has met its contractual obligations except for the expenditure commitment as outlined in Section 7a) "Contractual obligations". The Company has received several extensions to meet that expenditure commitment. Under the current terms, the expenditure deadline has been extended to August 30, 2022. To date the Company has expended $293,500 on exploration activities on the Gibson Prospect. Due to limited resources, including manpower, the Company has focussed its attention on exploration activities on the Gold Range property discussed above. During Q4 2021, the Company determined that it would not move forward with further exploration unless a third-party partner can be found to further exploration programs. As a result, the Company impaired the full amount of expenditures incurred to September 30, 2021. However, the Company continues to hold core claims which expire January 2029, keeping possibilities open for the Company to find a third-party partner to further the exploration program.

- During the subsequent period between April 1, 2022 and May 11, 2022, the Company announced a non-brokered financing for up to $2,500,000 subject to TSX Venture Exchange and regulatory approval. Proceeds from this financing will be used to fund further exploration on the Gold Range property as well as general working capital. (Refer to Section 21) "Subsequent events" for more information.

The Company continues to actively search for new early-stage exploration opportunities and avenues for growth in stable jurisdictions within North America. The Company has not entered into any business combination, acquisition, or similar agreements except as noted above.

17) Risks

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operation (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline, and investors may lose all or part of their investment.

The Company is a natural resource company engaged in the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of exploration, the following risk factors, among others, should be considered:

- **Exploration, development and operating risks**
  The Company is in the process of exploring its properties and has not yet determined whether its properties contain economically recoverable reserves and, therefore, does not generate any revenues from production. The recovery of expenditures on mineral properties and the related deferred exploration expenditures are dependent on the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and development of its properties, and upon future profitable production, or alternatively, on the sufficiency of proceeds from disposition. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.

- **Substantial capital requirements and liquidity**
  Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing if available, may also involve restrictions on financing and operating

activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operation and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

- **Fluctuating mineral prices**
  The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Company's properties.

- **Regulatory, permit and license requirements**
  The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on the Properties will be obtainable on a reasonable term, or that such laws and regulation will not have an adverse effect on any exploration or development project which the Company might undertake.

  Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

- **Financing risks and dilution to shareholders**
  The Company has limited financial resources, no operations and no revenues. If the Company's exploration program on it properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

- **Title to properties**
  Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Optionors or the Company, as the case may be does not have title to its properties could cause the Company to lose any rights to explore, develop and mine any minerals on its properties without compensation for its prior expenditures relating to its properties.

- **Competition**
  The mineral exploration and development industry is highly competitive. The Company will have to compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of mineral claims, leases and other

mineral interest as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

- **Reliance on management and dependence on key personnel**
  The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects. The Novel Corona Virus pandemic discussed below may result in one or more of the Company’s employees and/or officers and directors becoming ill and unable to provide services for a period of time. This is at least partially mitigated by the fact that certain individuals have overlapping competencies and they do not reside or work together.

- **Environmental risks**
  The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that drill sites and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increase capital expenditures and operating costs.

- **Conflicts of interest**
  Certain of the Directors and Officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such Directors and Officers of the Company may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a Director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contact or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

- **Uninsurable risks**
  Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares.

- **Litigation**
  The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

18) Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its exploration and evaluation assets. Exploration and evaluation assets consist of the capitalized costs of exploration and mining concessions. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonments. The estimated values of exploration and evaluation assets are evaluated by management on a regular basis to determine whether facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Reference is made to project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, financing, the extent to which optionees have committed, or are expected to commit to, exploration on the property and the imminent expiry of the right to explore, among other factors. When it becomes apparent that the carrying value of a specific property will not be realized, an impairment provision is made for the estimated decline in value.

The Company's estimate for decommissioning obligations is based on existing laws, contracts and other policies. The value of the obligation is based on estimated future costs for abandonments and reclamations which require that certain assumptions be made. By their nature, these estimates are subject to measurement uncertainty.

Another significant accounting estimate relates to valuing stock-based compensation and warrants. The Company uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and vested, or warrants issued, during the year.

The Company estimates the fair value of its short-term equity investments at each period end as they are carried at fair value in the Statements of Financial Position. The Company uses the closing price of the common shares on the period-end date and uses the Black-Scholes Option Pricing Model discussed above to estimate the value of its investment in warrants. The price at which these instruments can ultimately be sold will vary from these estimates due to the timing of their sale, the volume of trading in the securities at any given time and changes in the market over time, among other factors.

19) New Accounting Policies

The Company did not adopt any new accounting policies during the six-month period ended March 31, 2022.

20) Novel coronavirus pandemic

In early January 2020, a human infection originating in China was traced to a novel strain of coronavirus. The virus subsequently spread worldwide, causing unprecedented disruptions in the global economy as efforts to contain the spread of the virus intensified. On March 11, 2020, the World Health Organization declared this outbreak of coronavirus ("COVID-19") as a pandemic as it spread throughout the world. The March 2020 exploration program on the Gold Range Property, Arizona, was ended prior to completion to comply with health and travel advisories related to COVID-19. Commencing July 1, 2020, the Company continued its planned exploration programs for the summer of 2020, (refer to Note 7 – "Exploration and evaluation assets") as previously imposed travel restrictions as a result of COVID-19 were lifted and the Company determined that work could safely resume in the targeted areas. The summer 2020 exploration program was completed by September 30, 2020. The Company was able to continue its fiscal 2021, Q1 2022 and Q2 2022 planned exploration programs throughout the periods with minimal disruptions due to COVID-19. As the pandemic including variants of COVID -19, continue to spread throughout the world, the full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

21) Subsequent events

On April 29, 2022, 500,000 warrants, exercisable at $0.08 per share, expiring June 6, 2022, were exercised for total proceeds of $40,000.

On May 1, 2022, the Company appointed Mr. Blair Schultz as an independent director to the Board of Directors.

On May 1, 2022, the Company granted 1,525,000 stock options, pursuant to its stock option plan, to new and existing directors, officers and consultants of the Company. The options are exercisable at a price of $0.18 per share for five years. All of the options have vested with the exception of 200,000 vesting on May 1, 2023, and 200,000 vesting on May 1, 2024. The options were valued at $169,633, using the Black-Scholes Options Pricing model assuming a 5-year term, volatility of 102.32%, a risk-free discount rate of 2.75% and a dividend rate of 0%.

On May 2, 2022, the Company announced a non-brokered private placement financing of up to 19,230,769 units (“Common units”) at a price of $0.13 per Common Unit for gross proceeds of up to $2,500,000 subject to TSX Venture Exchange and regulatory approval. Each Common Unit will consist of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one common share at a price of $0.18 per share for a period of two years following closing. After a 6-month non-callable period, the warrants will be subject to acceleration at the Company’s discretion if at any time the Company’s 20-day volume weighted average share price trades above $0.25.

22) Other

Additional information relating to the Company may be found on SEDAR at www.sedar.com.