Condensed Interim Consolidated Financial Statements

HIGH TIDE RESOURCES CORP.

For the three and nine months ended March 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of High Tide Resources Corp. (the "Company" or "High Tide") for the three and nine months ended March 31, 2022 and 2021 have been prepared by Management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited condensed interim consolidated financial statements have not been reviewed by an auditor.

May 30, 2022

"Steve Roebuck"
Chief Executive Officer

"Donna McLean"
Chief Financial Officer

HIGH TIDE RESOURCES CORP.
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HIGH TIDE RESOURCES CORP.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	As at March 31, 2022	As at June 30, 2021
	$	$
Assets		
Current		
Cash	**2,385,229**	2,351,249
Amounts receivable and prepaids	**295,109**	128,687
Total assets	**2,680,338**	2,479,936
Liabilities		
Current		
Trade payables and accrued liabilities (Note 9)	**59,402**	43,700
Due to related company (Note 9)	**148,336**	152,906
Total liabilities	**207,738**	196,606
Shareholders' Equity		
Share capital (Note 6(b))	**7,012,432**	4,570,321
Shares to be issued (Note 6(c))	**78,000**	-
Warrants	**312,547**	59,774
Deficit	**(4,930,379)**	(2,346,765)
Total equity	**2,472,600**	2,283,330
Total liabilities and shareholders' equity	**2,680,338**	2,479,936

DESCRIPTION OF BUSINESS AND GOING CONCERN (Note 1)
CONTINGENCIES (Note 12)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by Stephen Altmann, Director

Original signed by Steve Roebuck, Director

See accompanying notes to the condensed interim consolidated financial statements

HIGH TIDE RESOURCES CORP.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	**For the nine months ended March 31, 2022**	For the nine months ended March 31, 2021
	$	$	**$**	$
Operating Expenses				
Exploration and evaluation expenditures (Note 11)	**120,471**	87,543	**2,142,140**	783,026
General and administrative (Note 10)	**198,328**	28,819	**441,474**	100,523
Net loss and comprehensive loss for the period	**318,799**	116,362	**2,583,614**	883,549
Net loss per share - basic and diluted (Note 8)	**0.01**	0.00	**0.05**	0.03
Weighted average number of shares outstanding - basic and diluted (Note 8)	**62,994,205**	34,562,499	**55,838,955**	33,001,319

See accompanying notes to the condensed interim consolidated financial statements

HIGH TIDE RESOURCES CORP.
Condensed Interim Consolidated Statements of Change in Shareholders' Equity
(Expressed in Canadian Dollars - Unaudited)

	Number of shares	Share capital	Shares to be issued	Warrants	Deficit	Total Equity
		$	$	$	$	$
Balance - June 30, 2020	**32,066,666**	**2,207,670**	**-**	**-**	**(1,419,707)**	**787,963**
Net loss and comprehensive loss for the period	-	-	-	-	(883,549)	(883,549)
Shares issued for cash - private placement (Note 6(b))	2,495,833	299,500	-	-	-	299,500
Value of warrants issued under private placement	-	(59,774)	-	59,774	-	-
Balance - March 31, 2021	**34,562,499**	**2,447,396**	**-**	**59,774**	**(2,303,256)**	**203,914**
Net loss and comprehensive loss for the period	-	-	-	-	(43,509)	(43,509)
Shares issued for cash - private placement (Note 6(b))	12,152,842	2,187,512	-	-	-	2,187,512
Share issuance costs	-	(64,587)	-	-	-	(64,587)
Balance - June 30, 2021	**46,715,341**	**4,570,321**	**-**	**59,774**	**(2,346,765)**	**2,283,330**
Net loss and comprehensive loss for the period	-	-	-	-	(2,583,614)	(2,583,614)
Shares issued for property acquisition (Note 6(b) and 11)	13,427,507	1,611,301	-	-	-	1,611,301
Shares to be issued for property acquisition (Note 6(c) and 11)	-	-	78,000	-	-	78,000
Units issued in exchange for subscription receipts (Note 6(b))	7,332,060	1,099,809	-	-	-	1,099,809
Value of warrants issued in exchange for subscription receipts	-	(242,635)	-	242,635	-	-
Share issuance costs	-	(16,226)	-	-	-	(16,226)
Value of broker warrants issued in subscription receipt financing	-	(10,138)	-	10,138	-	-
Balance - March 31, 2022	**67,474,908**	**7,012,432**	**78,000**	**312,547**	**(4,930,379)**	**2,472,600**

See accompanying notes to the condensed interim consolidated financial statements

HIGH TIDE RESOURCES CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	For the nine months ended March 31, 2022	For the nine months ended March 31, 2021
	$	$
Operating activities		
Net loss for the period	**(2,583,614)**	(883,549)
Items not involving cash:		
Shares issued for property acquisition - Labrador West (Note 6(b))	**1,611,301**	-
Shares to be issued for property acquisition - Lac Pegma (Note 6(c))	**78,000**	-
	(894,313)	(883,549)
Changes in non-cash working capital		
(Increase) decrease in amounts receivable and prepaids	**(166,422)**	3,370
Increase in trade payables and accrued liabilities	**15,702**	12,664
Change in non-cash operating working capital	**(150,720)**	16,034
Net cash flows used in operating activities	**(1,045,033)**	(867,515)
Financing activities		
Net proceeds from issuance of shares (Note 6(b))	**1,083,583**	299,500
Due to related company	**(4,570)**	210,842
Net cash flows from financing activities	**1,079,013**	510,342
Increase in cash	**33,980**	(357,173)
Cash, beginning of period	**2,351,249**	601,355
Cash, end of period	**2,385,229**	244,182

See accompanying notes to the condensed interim consolidated financial statements

1. DESCRIPTION OF BUSINESS AND GOING CONCERN

High Tide Resources Corp. ("High Tide" or the "Company") was incorporated by Certificate of Incorporation issued pursuant to the provisions of the *Ontario Business Corporations Act* on October 18, 2018. The registered head office of the Company is located at 18 King Street East, Suite #902, Toronto, Ontario, M5C 1C4. High Tide is in the business of acquiring and exploring iron ore and precious metals projects. Avidian Gold Corp. ("Avidian") owns approximately 32% of High Tide at March 31, 2022 (June 30, 2021 – 67%).

The condensed interim consolidated financial statements of the Company for the three and nine months ended March 31, 2022 were reviewed, approved and authorized for issue by the Board of Directors on May 30, 2022. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and currency exchange fluctuations and restrictions.

The Company's property interests are at an early stage of exploration and, in common with many exploration companies, it raises financing for its exploration and appraisal activities in discrete tranches. The Company has incurred a loss for the nine month period ended March 31, 2022 of $2,583,614 (2021 - $883,549), and has an accumulated deficit of $4,930,379 as at March 31, 2022 (June 30, 2021 - $2,346,765).

Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to the Company. In the event that the Company is unable to secure further financing, it may not be able to complete the development of its mineral projects.

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop its mineral projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. The condensed interim consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. Its impact on global economies has been far-reaching and business around the world are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

1. DESCRIPTION OF BUSINESS AND GOING CONCERN (continued)

Global stock markets have also experienced significant volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the Company's financial position and results, exploration activities, workers, partners, consultants, suppliers and on global financial markets. The Company has taken measures to contain the spread of COVID-19 and is proceeding with its exploration activities, as long as the work environment remains safe.

2. BASIS OF PRESENTATION

Statement of compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standard Board ("IASB"). These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Company's annual consolidated financial statements as at and for the years ended June 30, 2021 and 2020 ("Annual Financial Statements"). Accordingly, these condensed interim consolidated financial statements as at and for the three and nine months ended March 31, 2022 and 2021 should be read together with the Annual Financial Statements.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Ferrum Exploration Corp., a company incorporated in Ontario. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases.

The financial statements include all assets, liabilities, revenues, expenses, and cash flow of the Company and its subsidiary after eliminating inter-entity balances and transactions.

Presentation and functional currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of Ferrum Exploration Corp. is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of Note 2 of the Company's Annual Financial Statements.

4. CAPITAL MANAGEMENT

When managing capital, the Company’s objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral exploration assets.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which comprises issued capital, shares to be issued, warrants and deficit, which at March 31, 2022, totaled $2,472,600 (June 30, 2021 - $2,283,330).

The Company invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with select major Canadian financial institutions.

The Company is currently attempting to identify an economic mineral resource and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned acquisitions and exploration, as well as pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

a. maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
b. minimizing discretionary disbursements; and
c. exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no significant changes in the Company’s approach to capital management during the nine months ended March 31, 2022.

5. FINANCIAL RISK FACTORS

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (specifically commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

5. FINANCIAL RISK FACTORS (continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is attributable to cash. Cash is held with a reputable financial institution, from which management believes the risk of loss to be remote.

Included in amounts receivable is sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of March 31, 2022. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company.

The Company generates cash flow primarily from its financing activities. As at March 31, 2022, the Company had cash of $2,385,229 (June 30, 2021 - $2,351,249) to settle current liabilities of $207,738 (June 30, 2021 - $196,606). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance and liquidity.

All of the Company's current financial liabilities as at March 31, 2022 have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Commodity price risk

The Company is exposed to price risk with respect to iron ore and precious metals prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to price movements and volatilities.

Sensitivity Analysis

As of March 31, 2022 and June 30, 2021, both the carrying and fair value amounts of the Company’s financial instrument are approximately equivalent due to their short-term nature. Management does not believe the Company is exposed to any significant interest rate or currency exchange risks with respect to its financial instruments.

(Expressed in Canadian Dollars)

5. FINANCIAL RISK FACTORS (continued)

Fair value hierarchy and liquidity risk disclosure

The three levels of the fair value hierarchy are as follows:

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

At March 31, 2022 and June 30, 2021, the Company did not hold any financial assets in the fair value hierarchy.

6. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares, with no par value.

(b) Issued

(i) In December 2020, the Company closed a flow-through private placement to raise gross proceeds of $299,500. The offering consisted of the issuance of 2,495,833 units (“Unit”). Each Unit was offered at a price of $0.12 and consisted of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of $0.15 per common share if exercised within 24 months of the closing of the offering. A director of the Company subscribed for 208,333 units for gross proceeds of $25,000.

(ii) In June 2021, the Company issued 12,152,842 flow-through shares to Avidian at a price of $0.18 per share for total gross proceeds of $2,187,512.

(iii) On November 5, 2021, the Company issued 13,427,507 common shares valued at $0.12 per share for a total value of $1,611,301 in connection with the Company’s Labrador West option agreement. See Note 11.

(iv) On February 24, 2022, the Company satisfied the escrow release conditions and completed a non-brokered private placement financing of 7,332,060 units (“Unit”) at a price of $0.15 for aggregate gross cash proceeds of $1,099,809. Each Unit consisted of one common share of the Company and one half of one share purchase warrant with an exercise price of $0.20 per share expiring 36 months from the date of issuance.

(c) Shares to be issued

In accordance with the Lac Pegma purchase agreement (Note 11) the Company is required to issue 650,000 shares of the Company upon completion of an initial public offering/liquidity event. The shares have an estimated value of $78,000.

(Expressed in Canadian Dollars)

7. WARRANTS

The following is a summary of warrant activity for the nine month period ended March 31, 2022 and year ended June 30, 2021:

	March 31, 2022		June 30, 2021	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of period	**1,247,917**	**0.15**	-	-
Granted in connection with private placements	**3,666,031**	**0.20**	1,247,917	0.15
Issuance of broker warrants	**67,584**	**0.15**	-	-
Balance, end of period	**4,981,532**	**0.19**	1,247,917	0.15

(i) In connection with the December 2020 private placement disclosed in Note 6, the Company issued 1,247,917 warrants. The grant date fair value of $59,774 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 115%, a risk free interest rate of 0.26%, share price of $0.10 and an expected maturity of 2 years.

(ii) In connection with the February 2022 financing disclosed in Note 6, the Company issued 3,666,031 warrants. The grant date fair value of $242,635 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, a risk free interest rate of 1.57%, share price of $0.15 and an expected maturity of 3 years.

(iii) In connection with the February 2022 financing disclosed in Note 6, the Company issued 67,584 broker warrants. Each broker warrant entitles the holder to purchase one Unit at a price of $0.15 for a period of 36 months. Each Unit consisted of one common share of the Company and one-half of one share purchase warrant with an exercise price of $0.20 per share expiring on February 24, 2025. The grant date fair value of $10,138 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, a risk free interest rate of 1.57%, share price of $0.15 and an expected maturity of 3 years.

Summary of warrants outstanding at March 31, 2022:

Warrants	**Exercise price**	**Fair value of warrants**	**Expiry date**
#	$	$	
1,247,917	0.15	59,774	December 30, 2022
3,666,031	0.20	242,635	February 24, 2025
67,584	0.15	10,138	February 24, 2025
4,981,532		312,547	

(Expressed in Canadian Dollars)

8. BASIC AND DILUTED NET LOSS PER SHARE

The calculation of basic and diluted earnings per share for the three month period ended March 31, 2022 was based on the net loss of $318,799 (2021 - $116,362) and the weighted average number of common shares outstanding of 62,994,205 (2021 – 34,562,499).

The calculation of basic and diluted earnings per share for the nine month period ended March 31, 2022 was based on the net loss of $2,583,614 (2021 - $883,549) and the weighted average number of common shares outstanding of 55,838,955 (2021 – 33,001,319).

Diluted loss per share did not include the effect of the share purchase warrants disclosed in Note 7 as they are anti-dilutive for the three and nine month periods ended March 31, 2022 and 2021.

9. RELATED PARTY TRANSACTIONS

a) The remuneration of key management personnel is comprised of

	Three months ended March 31, 2022	Three months ended March 31, 2021	**Nine months ended March 31, 2022**	Nine months ended March 31, 2021
Consulting fees	**$ 25,000**	$ 26,250	**$ 47,500**	$ 77,500
Exploration and evaluation expenditures	**-**	29,920	**-**	42,270
	$ 25,000	$ 56,170	**$ 47,500**	$ 119,770

Key management personnel include directors, officers and former directors/officers.

b) See Note 6(b).
c) Trade payables and accrued liabilities as at March 31, 2022 include $2,500 (June 30, 2021 - $5,600) owed to officers of the Company. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.
d) The amounts due to/from related company are due to/from Avidian, the parent company (Note 1). The balance is unsecured, non-interest bearing with no fixed terms of repayment.

10. GENERAL AND ADMINISTRATIVE

	Three months ended March 31, 2022	Three months ended March 31, 2021	**Nine months ended March 31, 2022**	Nine months ended March 31, 2021
Consulting fees and investor relations	**$ 98,136**	$ 26,250	**$ 210,816**	$ 85,000
Office supplies, bank charges and transfer agent	**22,453**	2,569	**47,252**	3,523
Professional fees	**77,739**	-	**164,095**	12,000
Travel	**-**	-	**19,311**	-
	$ 198,328	$ 28,819	**$ 441,474**	$ 100,523

11. EXPLORATION AND EVALUATION EXPENDITURES

Labrador West

On August 20th, 2019, the Company entered into an option agreement (together with the Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement, each as defined herein below, the "Labrador West Option Agreement") with Altius Resources Inc. ("Altius") pursuant to which the Company was granted the Labrador West Option to acquire up to a 100% interest in the Labrador West iron ore project, located in the Labrador Trough. The Labrador West Option is exercisable until December 31, 2022.

On November 27th, 2020 the Company and Altius entered into an amendment agreement (the "Amendment Agreement") pursuant to which the Company and Altius agreed to amend the Labrador West Option Agreement to defer all obligations under the Labrador West Option by one calendar year due to ramifications resulting from the COVID-19 virus and the related government imposed restrictions and lockdowns.

On September 28th, 2021 the Company and Altius entered into a second amendment agreement (the "Second Amendment Agreement") pursuant to which the Company and Altius agreed to further amend the Labrador West Option Agreement to provide for an adjustment to the share consideration payable to exercise the Labrador West Option.

On November 5th, 2021 the Company and Altius entered into a third amendment agreement (the "Third Amendment Agreement") pursuant to which the Company and Altius agreed to further amend the Labrador West Option Agreement to provide for the share consideration payable to exercise the Labrador West Option to be adjusted to be calculated on a partially diluted basis instead of a fully diluted basis. The Company and Altius agreed that the difference between the share consideration payable on a partially diluted basis versus a fully diluted basis shall be payable to Altius at Altius' option by way of the Milestone Shares (as defined below).

Accordingly, pursuant to the Labrador West Option Agreement, as amended by the Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement, in order for the Company to exercise the Labrador West Option, the Company must:

(a) within 36 months from the execution date of the Labrador West Option Agreement, the Company must have listed its common shares on, or assigned the Labrador West Option to a company ("Pubco") that has its shares listed on, the Toronto Stock Exchange, the TSX Venture Exchange, or the Canadian Securities Exchange ("CSE");

(b) incur expenditures in connection with the exploration of the property subject to the Labrador West Option Agreement ("Exploration Expenditures"), consisting of:

   a. At least $1,000,000 by December 31, 2021; and

   b. An additional $1,000,000 by December 31, 2022;

The Company is entitled to satisfy any deficiency in the Exploration Expenditures by making cash payments to Altius in lieu of the Exploration Expenditures; and

11. EXPLORATION AND EVALUATION EXPENDITURES (continued)

(c) issue to Altius a number of common shares of the Company (the "Payment Shares"), such that the number of the Payment Shares shall result in Altius owning 19.9% of the issued and outstanding capital of the Company on a partially diluted basis calculated immediately following the time the Equity Financing Threshold (as defined hereinafter) is obtained (the "Payment Date"); the "Equity Financing Threshold" equals the gross proceeds of any equity financings combined with cash held by the Company plus total Exploration Expenditures up to the initial equity financing up to a maximum of $3,000,000, will total at least $4,000,000.

Upon the Company satisfying the above conditions, the Company will have been deemed to have exercised the Labrador West Option and will be entitled to purchase the 100% interest in the property subject to the provisions of the Labrador West Property Agreement, which include, among other matters:

(a) issue to Altius a number common shares of the Company equal to $200,000 (the "Additional Shares") on the earlier of: (i) the first anniversary of the Payment Date and (ii) the date whereby the Company completes a financing transaction subsequent to the Payment Date (the "Secondary Financing"), at a price per Additional Share equal to the price per share pursuant to the Secondary Financing; in the event that the Company has not completed the Secondary Financing by the first anniversary of the Payment Date, then the price per Additional Share shall be equal to the maximum applicable discount under the policies of the CSE and as may be acceptable to the CSE; in the event that the issuance of the Additional Shares would result in Altius holding more than 19.9% of the common shares of the Company on a partially diluted basis the number of the Additional Shares issuable to Altius will be decreased by such number of shares so that Altius's holdings will not exceed 19.9% of the issued and outstanding common shares in the capital of the Company; and

(b) within 24 months from the date the Company delivers the Payment Shares to the Altius, the Company shall be obligated to issue to Altius an additional 1,246,004 Common Shares (the "Milestone Shares"), at the sole discretion of Altius. Altius may elect at any time to receive the Milestone Shares by delivering notice to that effect to the Company, provided that the issuance of the Milestone Shares would not result in Altius holding more than 19.9% of the Common Shares of the Company on a partially diluted basis. The Milestone Shares shall be issued at a deemed price per Milestone Share equal to the maximum applicable discount under the policies of the CSE and as may be acceptable to the CSE. The Company shall not be responsible for the issuance of any unissued Milestone Shares in the event that Altius does not make an election to receive the Milestone Shares, in full, within 24 months from the delivery date of the Payment Shares.

On September 28th, 2021, the Company and Altius entered into the Second Amendment Agreement, which among matters, reduced the Equity Financing Threshold from a total of $5,000,000 to a total of at least $4,000,000. The reduction of the Equity Financing Threshold had the effect of triggering the issuance of the Payment Shares, as the gross proceeds of equity financings up to a maximum of $3,000,000 combined with the cash held by the Company plus total Exploration Expenditures was in excess of $4,000,000. On November 5th, 2021, the Company and Altius entered into the Third Amendment Agreement which, among other matters, established that the Payment Shares shall be issued on a partially diluted basis.

11. EXPLORATION AND EVALUATION EXPENDITURES (continued)

A total of 13,427,507 Payment Shares were issued to Altius on November 5, 2021. The Payment Shares were issued at a deemed price per Payment Share of $0.12 for a total value of $1,611,301. The value of the shares was estimated based on the estimated value of shares issued in the subscription receipt financing. Refer to Note 6.

Upon acquiring a 100% interest in the project, the Company shall grant to Altius a 2.75% gross sales royalty (GSR) on all iron ore produced, removed and recovered from the project.

Additionally, the Company has issued 9,146,666 common shares to arm's length parties as consideration for the assumption of the rights to the option. The fair value of these consideration shares was estimated to be $0.10 based on price of the shares issued in the most recent private placement closed by the Company.

The Company continues to engage and have discussions with the Innu Nation of Labrador.

Lac Pegma

On February 2, 2021, the Company entered into a purchase agreement with Globex Mining Enterprises Inc. (“Globex”) to purchase 100% of the Lac Pegma copper-nickel-cobalt sulphide deposit located approximately 50 kilometres south of Fermont, Que.

The terms of the purchase agreement are as follows: the Company paid Globex $10,000 in cash and an undertaking to issue 650,000 shares of the Company upon completion of an initial public offering/liquidity event prior to September 30, 2021 (see Note 6(c)). In addition, Globex will retain a 2% gross metal royalty with a 1% buyback option for $1,500,000 exercisable at any time at the discretion of the Company.

Further, on February 25, 2021, the Company increased its land position by acquiring 35 additional mineral exploration claims adjacent to its Lac Pegma copper-nickel-cobalt sulphide deposit.

The following table summarizes exploration and evaluation expenditures for each of the Company’s respective properties.

The Company continues to engage and have discussions with the Uashat Mak Mani-Utenam, the Innu First Nations based in Sept-Îles, Quebec.

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Labrador West		**Nine months ended March 31, 2022**		Nine months ended March 31, 2021
Acquisition and holding costs	**$**	**1,611,301**	$	(3,550)
Exploration and evaluation expenditures		**161,625**		728,362
	$	**1,772,926**	$	724,812
Lac Pegma				
Acquisition and holding costs	**$**	**78,000**	$	25,934
Exploration and evaluation expenditures		**291,214**		32,280
	$	**369,214**	$	58,214
TOTAL EXPLORATION AND EVALUATION EXPENDITURES	**$**	**2,142,140**	$	783,026

12. CONTINGENCIES

Environmental contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations.

Flow-through commitment

The Company is obligated to spend $2,187,512 by December 31, 2022 for the issuance of flow-through shares by the Company. As at March 31, 2022, the Company had spent $24,070 and is obligated to spend an additional $2,163,442 to satisfy the December 31, 2022 obligation. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company’s mineral properties to flow-through participants. The Company has indemnified the subscribers for certain tax related amounts that become payable by the subscribers should the Company not meet its expenditure commitments.