



Consolidated Financial Statements  
December 31, 2021  
(Stated in Canadian Dollars)

# Independent auditor's report

To the Shareholders of  
**Doré Copper Mining Corp.**

## Opinion

We have audited the consolidated financial statements of **Doré Copper Mining Corp.** and its subsidiaries [the "Company"], which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRS"].

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

Management is responsible for the other information. The other information comprises:

- Management Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Company's Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Toronto, Canada  
April 22, 2022

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Stated in Canadian Dollars)

As at	December 31 2021 \$	December 31 2020 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	13,227,922	4,334,290
Amounts receivable [note 4]	1,251,217	483,084
Tax credit receivable [note 7]	2,912,125	-
Prepaid expenses	139,968	39,375
Investments [note 5]	815,088	792,031
<b>Total current assets</b>	<b>18,346,320</b>	<b>5,648,780</b>
<b>Non-current assets</b>		
Equipment [note 6]	58,050	10,350
Mineral property interests [note 7]	5,930,629	5,930,629
<b>Total non-current assets</b>	<b>5,988,679</b>	<b>5,940,979</b>
<b>Total assets</b>	<b>24,334,999</b>	<b>11,589,759</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,560,322	1,333,893
Deferred premium on flow-through shares [note 9]	2,706,230	75,150
<b>Total current liabilities</b>	<b>4,266,552</b>	<b>1,409,043</b>
<b>EQUITY</b>		
Share capital [note 9]	50,643,179	27,595,704
Equity settled employee benefits [note 9]	1,971,632	1,227,702
Share purchase warrants [note 9]	475,371	464,484
Deficit	(33,021,735)	(19,107,174)
<b>Total equity</b>	<b>20,068,447</b>	<b>10,180,716</b>
<b>Total liabilities and equity</b>	<b>24,334,999</b>	<b>11,589,759</b>

Commitments [note 13]

Subsequent events [note 16]

See accompanying notes to the consolidated financial statements

These financial statements are authorized for issue by the Board of Directors on April 22, 2022.

They are signed on the Corporation's behalf by:

"Ernest Mast"  
Director

"Mario Stifano"  
Director



## CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Stated in Canadian Dollars)

For the year ending December 31,

	2021 \$	2020 \$
<b>EXPENSES</b>		
Consulting <i>[note 12]</i>	707,450	330,716
Depreciation <i>[note 6]</i>	2,300	1,150
Exploration and evaluation <i>[note 7]</i>	11,710,971	8,284,007
Flow-through interest penalty <i>[note 13]</i>	-	15,914
Investor relations	581,603	631,959
Office expenses <i>[note 12]</i>	322,145	175,300
Professional fees	326,152	281,464
Share-based payments <i>[note 9]</i>	738,288	377,011
Shareholder communication costs	209,512	102,643
Travel and meetings	-	31,187
	<b>14,598,421</b>	<b>10,231,351</b>
<b>Other income</b>		
Interest income	69,800	19,584
Finance income	-	12,031
<b>Loss before the following Other items</b>	<b>(14,528,621)</b>	<b>(10,199,736)</b>
Deferred tax recovery <i>[note 11]</i>	(614,060)	(1,100,248)
<b>Loss and comprehensive loss for the year</b>	<b>(13,914,561)</b>	<b>(9,099,488)</b>
<b>Basic and diluted loss per share <i>[note 10]</i></b>	<b>(0.24)</b>	<b>(0.30)</b>

See accompanying notes to the consolidated financial statements



## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in Canadian Dollars)

For the year ending December 31,

	2021 \$	2020 \$
<b>OPERATING ACTIVITIES</b>		
Loss for the year	(13,914,561)	(9,099,488)
Add charges to earnings not involving a current payment (receipt) of cash		
Depreciation [note 6]	2,300	1,150
Share based payments [note 9]	738,288	377,011
Finance income	-	(12,031)
Non-cash exploration expenses [note 9]	750,563	500,000
Other income related to flow-through share premium [note 9]	(614,060)	(1,100,248)
	(13,037,470)	(9,333,606)
Changes in non-cash working capital balances related to operations		
Amounts receivable	(768,133)	(228,880)
Tax credit receivable [note 7]	(2,912,125)	-
Prepaid expenses	(100,593)	117,197
Accounts payable and accrued liabilities	226,429	(81,103)
<b>Cash used in operating activities</b>	<b>(16,591,892)</b>	<b>(9,526,392)</b>
<b>INVESTMENT ACTIVITIES</b>		
Purchase of equipment, net [note 6]	(50,000)	(11,500)
Purchase of investments [note 5]	(23,057)	(780,000)
<b>Cash used in investment activities</b>	<b>(73,057)</b>	<b>(791,500)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from shares issued in private placements [note 9]	27,674,732	7,065,734
Proceeds from the exercise of stock options [note 9]	73,268	-
Proceeds from the exercise of warrants [note 9]	7,311	-
Share issue costs [note 9]	(2,196,730)	(565,570)
<b>Cash provided by financing activities</b>	<b>25,558,581</b>	<b>6,500,164</b>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>8,893,632</b>	<b>(3,817,728)</b>
Cash and cash equivalents, beginning of period	4,334,290	8,152,018
<b>Cash and cash equivalents, end of the year</b>	<b>13,227,922</b>	<b>4,334,290</b>

See accompanying notes to the consolidated financial statements



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Stated in Canadian Dollars)

	Share Capital		Reserves			
Issued and outstanding:	Number of Shares	Share Capital	Equity Settled Employee Benefits	Broker / finder warrants	Deficit	Total Equity
<b>Balance, January 01, 2020</b>	28,575,596	21,253,502	850,691	212,685	(10,007,686)	12,309,192
Shares issued for mineral property	400,000	500,000	-	-	-	500,000
Shares issued in flow-through private placement (first tranche) <i>[note 9]</i>	1,749,450	2,099,340	-	-	-	2,099,340
Shares issued in flow-through private placement (second tranche) <i>[note 9]</i>	912,622	1,022,137	-	-	-	1,022,137
Shares issued in private placement <i>[note 9]</i>	5,800,378	3,944,257	-	-	-	3,944,257
Broker / finder warrants <i>[note 9]</i>	-	(251,799)	-	251,799	-	-
Share issue costs <i>[note 9]</i>	-	(565,570)	-	-	-	(565,570)
Share-based payments <i>[note 9]</i>	-	-	377,011	-	-	377,011
Flow-through share premium <i>[note 9]</i>	-	(406,163)	-	-	-	(406,163)
Loss and comprehensive loss for the period	-	-	-	-	(9,099,488)	(9,099,488)
<b>Balance, December 31, 2020</b>	<b>37,438,046</b>	<b>27,595,704</b>	<b>1,227,702</b>	<b>464,484</b>	<b>(19,107,174)</b>	<b>10,180,716</b>
Shares issued for mineral property <i>[note 9]</i>	766,705	750,563	-	-	-	750,563
Shares issued in private placement (final tranche) <i>[note 9]</i>	2,999,622	2,039,742	-	-	-	2,039,742
Shares issued in flow-through private placement #1 <i>[note 9]</i>	12,221,000	10,998,900	-	-	-	10,998,900
Shares issued in private placement <i>[note 9]</i>	9,636,050	9,636,050	-	-	-	9,636,050
Shares issued in flow-through private placement #2 <i>[note 9]</i>	2,907,000	5,000,040	-	-	-	5,000,040
Exercise of options <i>[note 9]</i>	143,333	73,268	-	-	-	73,268
Exercise of warrants <i>[note 9]</i>	10,752	7,311	5,642	(5,642)	-	7,311
Broker / finder warrants <i>[note 9]</i>	-	(16,529)	-	16,529	-	-
Share issue costs <i>[note 9]</i>	-	(2,196,730)	-	-	-	(2,196,730)
Share-based payments <i>[note 9]</i>	-	-	738,288	-	-	738,288
Flow-through share premium <i>[note 9]</i>	-	(3,245,140)	-	-	-	(3,245,140)
Loss and comprehensive loss for the year	-	-	-	-	(13,914,561)	(13,914,561)
<b>Balance, December 31, 2021</b>	<b>66,122,508</b>	<b>50,643,179</b>	<b>1,971,632</b>	<b>475,371</b>	<b>(33,021,735)</b>	<b>20,068,447</b>

See accompanying notes to the consolidated financial statements





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

### 1. NATURE OF BUSINESS

Doré Copper Mining Corp. (the "Corporation" or "Doré"), was incorporated under the laws of Canada on April 11, 2017, and through its 100% owned subsidiary, CBay Minerals Inc. ("CBay") owns an interest in mineral properties located in Chibogamou, Quebec, for the purposes of exploration and evaluation. The Corporation's office is located at 130 King St. W., Suite 1800, Toronto, Ontario, M5X 1E3. The Corporation's common shares are listed on the Toronto Stock Venture Exchange ("TSX-V"), trading under the symbol "DCMC".

The Corporation, being in the exploration stage, is subject to risks and challenges similar to companies in a comparable stage of development. These risks include the challenges of securing adequate capital for exploration, development and operational risks inherent in the mining industry, global economic and metal price volatility and there is no assurance management will be successful in its endeavours. At December 31, 2021, the Corporation has no source of operating cash flows. The Corporation incurred a net loss of \$13,914,561 for the year ended December 31, 2021 (December 31, 2020 - \$9,099,488) and has accumulated a deficit of \$33,021,735 since the inception of the Corporation. As at December 31, 2021, the Corporation had working capital of \$14,079,768 (December 31, 2020 - working capital \$4,239,737) and the Corporation's ability to continue is dependent upon its ability to raise additional capital to continue the development of its mineral properties. During the year ended December 31, 2021, the Corporation raised gross proceeds of \$27,674,732 (2020 - \$7,065,734) through private placements of shares and warrants and the granting of direct interests in its mineral properties.

#### Recent events

##### COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long or indefinite periods of time. Global stock markets also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Corporation has adapted its operations to mitigate the impact of the COVID-19 outbreak and has put measures in place to ensure the wellness of all of its employees and surrounding communities where the Corporation works while continuing to operate. Currently, fieldwork has resumed on all of our projects, while all corporate personnel travel is still restricted to absolute minimum requirements and employees have been encouraged to work remotely where possible. With respect to our operations on work locations in Quebec, we have implemented the typical control measures for dealing with the outbreak of COVID-19. These include self-screening for symptoms and travel history with possible COVID-19 exposure of any employees, visitors and contractors (site personnel) prior to any travel to or from a site and isolation, where necessary, from the general site population. These cautions and precautions rely on voluntary information and voluntary compliance of those working directly or indirectly for the Corporation. We expect that procedures will continue to evolve according to the World Health Organization and Center for Disease Control guidelines as more becomes known about the virus.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

#### Basis of consolidation

The Corporation's consolidated financial statements consolidate those of its 100% owned subsidiary, CBay. All transactions and balances between the Corporation and its subsidiary are eliminated on consolidation, including unrealized gains and losses on transactions between the companies.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

### Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Corporation become party to the contracts that gives rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income ("FVOCI"), as appropriate. The Corporation considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

#### Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income. A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVTPL are measured at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

#### Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the consolidated statements of earnings. The election is available on an investment-by-investment basis.

#### Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash, amounts receivable and certain other assets are classified as and measured at amortized cost.

#### Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net earnings when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date. Accounts payable and accrued liabilities, promissory notes, and credit facilities are classified as and measured at amortized cost.

#### Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

recorded in net earnings.

### Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the consolidated statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models. Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Impairment of financial assets

At each balance sheet date, on a forward-looking basis, the Corporation assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investment in equity instruments. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

### Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Corporation has transferred its rights to receive cash flows from the asset, the Corporation will assess whether it has relinquished control of the asset or not. If the Corporation does not control the asset then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in net earnings.

### **Exploration and evaluation**

The Corporation has adopted the policy of capitalizing acquisition costs and expensing exploration costs such as costs related to drilling, geophysical studies, property work, assaying and periodic maintenance costs incurred prior to the determination that a property has economically recoverable reserves.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term,



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Impairment of non-financial assets**

At each financial position reporting date the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### **Share capital**

Share capital represents the fair value of consideration received. Equity instruments are contracts that give a residual interest in the net assets of the Corporation. Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, reserves, share options and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares, options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Corporation may periodically issue units to investors consisting of common shares and warrants in non-brokered private placements. Each whole warrant issued entitles the holder to acquire a common share of the Corporation, at a fixed Canadian dollar price over a specified term. These warrants are not transferable from the original investor to a new investor. The Corporation's investor warrants are equity instruments and not financial liabilities or financial derivatives. Accordingly, gross investor proceeds received from the issuance of units are accounted for as an increase in share capital. No separate valuation (i.e. "bifurcation") of investor warrants is made for accounting purposes at the time of issuance or at any time thereafter.

The Corporation periodically issues warrants as additional consideration in a brokered financing or purchase transaction. Each whole warrant issued entitles the holder to acquire a common share of the Corporation, at a fixed dollar price over a specified term. These warrants are considered equity instruments and recorded as share issue costs.

When investor or other warrants are exercised, the proceeds received are added to share capital. When investor or other warrants expire unexercised, no accounting entry is recorded.

### **Share-based payment transactions**

The Corporation operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Corporation's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

value is determined at the grant date.

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are less than that estimated on vesting.

### Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax expense is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Corporation and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilised against future taxable income. To the extent that the Corporation does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Corporation has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

### Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Contingent liabilities are not recognized in the financial



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

statements, if not estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the financial statements, but are disclosed in the notes if their recovery is deemed probable.

### Environmental rehabilitation

Provisions for environmental rehabilitation are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates and operating lives. Changes to estimated future costs are recognized in the consolidated statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expenses. For closed sites, changes to estimated costs are recognized immediately in the profit and loss.

### Loss per share

The Corporation presents loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

### Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

### Flow through shares

Under Canadian income tax legislation, a company's permitted to issue flow through shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Corporation allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in deferred tax expense. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

### Significant accounting judgements, estimates and assumptions

In the application of the Corporation's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Significant judgements, estimates and assumptions include:



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

- the inputs used in accounting for share purchase option expense in the consolidated statement of loss and comprehensive loss;
- the inputs used in accounting for value of warrants in the consolidated statement of financial position;
- valuation of the refundable mining duties credit and the refundable tax credit for resources. The calculation of the Corporation's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment and payment has been received from the relevant taxation authority. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources and the exploration and evaluation expenses in future periods;
- the provision for income taxes which is included in the consolidated statements of loss and comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position which have not yet been confirmed by the taxation authorities, and
- the estimated useful lives of equipment and leaseholds which are included in the consolidated statement of financial position and the related depreciation included in the consolidated statement of loss and comprehensive loss.

### 3. RECENT ACCOUNTING PRONOUNCEMENTS

The following is a listing of amendments, revisions and new International Financial Reporting Standards issued but not yet effective. The Corporation is currently assessing the impact of adopting the following standards on the consolidated financial statements, as described below:

- *IAS 1 – Presentation of Financial Statements*  
On January 23, 2020, the IASB issued an amendment to IAS 1, *Presentation of Financial Statements* providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The Corporation is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.
- *IAS 16 – Property, Plant and Equipment*  
On May 14, 2020, the IASB issued an amendment to IAS 16, *Property, Plant and Equipment* to prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the cost of producing those items are to be recognized in profit and loss. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendment is to be applied retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the earliest period presented in the consolidated financial statements in the year in which the amendments are first applied. The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The Corporation is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

- IAS 37 – Provisions, Contingent Liabilities and Contingent Assets**  
 On May 14, 2020, the IASB issued an amendment to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* to specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022 with early adoption permitted. The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The Corporation is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

### 4. AMOUNTS RECEIVABLE

	2021 \$	2020 \$
Recoverable taxes (i)	1,158,688	335,330
Other receivables (ii)	92,529	147,754
	<b>1,251,217</b>	<b>483,084</b>

(i) Recoverable taxes include Canadian harmonized sales tax receivable and the Quebec sales tax receivable.

(ii) Other Receivables in the current year include a \$9,729 refund of a deposit paid in respect of professional fees (collected subsequent to year end), as well as \$82,800 related to exploration work performed on the portion of the Gwillim property that is part of the agreement with Argonaut whereby the Corporation is reimbursed for 50% of the drilling costs, plus 10% management fee (collected subsequent to year end). In 2020, Other Receivables included \$147,754 in amounts related to exploration work performed on the portion of the Joe Mann property that is part of the agreement with Soquem whereby the Corporation was reimbursed for 35% of the exploration costs (all was collected in 2021, and there is no amount receivable in respect of the agreement with Soquem at December 31, 2021).

### 5. SHORT-TERM INVESTMENTS

As at December 31, 2021 the Corporation's subsidiary, CBay, held \$785,088 in a guaranteed investment certificate maturing March 11, 2022 at a yield of 0.33%, and \$30,000 in a guaranteed investment certificates maturing March 2, 2022 yielding 0.33%.





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

### 6. EQUIPMENT

#### Cost

	Field equipment \$
Balance, January 1, 2021	11,500
Assets acquired	50,000
<b>Balance, December 31, 2021</b>	<b>61,500</b>

#### Accumulated depreciation

Balance, January 1, 2021	1,150
Depreciation for the period	2,300
<b>Balance, December 31, 2021</b>	<b>3,450</b>

#### Carrying amounts

December 31, 2020	10,350
<b>December 31, 2021</b>	<b>58,050</b>

### 7. MINERAL PROPERTIES

#### Acquisition costs

	Cedar Bay \$	Corner Bay \$	Other properties \$	December 31, 2021 \$	December 30, 2020 \$
CBay acquisition costs	2,075,500	3,592,529	262,600	5,930,629	5,930,629

Exploration and evaluation expenses with respect to the Corporation's interest in mineral properties owned, leased or under option, consist of the following for the year ending:

	December 31, 2021 \$	December 31, 2020 \$
Drilling, assaying and geology	9,936,306	6,404,511
Geophysics	209,057	-
Geochemical	82,142	-
Transportation, accommodation camp support costs	411,281	227,738
Tax credit	(2,912,125)	(301,841)
Mine site maintenance and property costs	862,726	360,961
Hydrogeology and environmental costs	1,263,091	42,638
Special studies and technical reports	542,930	-
Option payments	1,315,563	1,550,000
<b>Total</b>	<b>11,710,971</b>	<b>8,284,007</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

### Mineral property acquisitions and agreements

#### Chibougamou, Quebec

##### *Interest in Cedar Bay / Corner Bay and Other properties through acquisition of CBay*

The main assets include the Corner Bay deposit, the Cedar Bay past producing mine, the Copper Rand past producing mine, the Devlin deposit, the Copper Rand mill and tailings management facility. Other deposits include the Lac Doré deposit, and various exploration targets on Portage Island.

##### *Cornerback Property (included in "Other Properties")*

On September 7, 2017 (the "Effective Date"), the Corporation entered into an Option Agreement (the "Agreement") with VanadiumCorp Resource Inc. ("Vanadium") to acquire up to a 100% interest in the Cornerback property (the "Property") located in Quebec.

Pursuant to the agreement, the Corporation can acquire an 80% undivided interest in the Property by (the "First Option"):

(a) making payments of an aggregate of \$250,000 to Vanadium as follows:

- i) \$50,000 in cash on Effective Date (paid);
- ii) an additional \$50,000 in cash on or prior to the date that is the 12 months from the Effective Date (paid); and
- iii) an additional \$50,000 in cash on or prior to the date that is the 24 months from the Effective Date (paid); and
- iv) an additional \$50,000 in cash on or prior to the date that is the 36 months the Effective Date (paid); and

(b) incurring an aggregate of \$500,000 in expenditures on the Property on or before the date that is 36 months from the Effective Date (completed).

The Corporation having exercised the First Option and acquired an 80% undivided interest in the Property, free and clear of any encumbrances, the Corporation had the additional exclusive right and option exercisable at any time prior to September 6, 2021, to acquire an additional 20% undivided interest in the Property by paying \$50,000 in cash to Vanadium on or before September 6, 2021. The Corporation completed this payment on May 6, 2021 and now retains a 100% undivided interest in the property.

##### *Option agreement to acquire Joe Mann property*

On January 2, 2020, the Corporation entered into an option agreement to acquire a 100% interest in the Joe Mann gold mine ("Joe Mann") located in Québec. The Corporation entered into an option agreement with the owners of Joe Mann, Ressources Jessie Inc. ("Ressources Jessie") and Legault Metals Inc. ("Legault"), to acquire a 100% interest in Joe Mann on the following terms:

- A cash payment of \$1,000,000 to Ressources Jessie and 400,000 common shares of Doré Copper ("Doré Copper Shares") were issued to Legault at a deemed price of \$1.25 per share on January 2, 2020 (the "Joe Mann Effective Date") (paid).
- A cash payment of \$250,000 to Ressources Jessie and \$500,000 in Doré Copper Shares to be issued to Legault on the first anniversary of the Joe Mann Effective Date (paid).
- A cash payment of \$1,000,000 to Ressources Jessie upon completion of 5,000 meters of drilling at Joe Mann or on the earlier of the second anniversary of the Joe Mann Effective Date or 18 months from the commencement of drilling (paid subsequent to year end).
- A cash payment of \$500,000 to Ressources Jessie and \$500,000 in Doré Copper Shares to be issued to Legault on the second anniversary of the Joe Mann Effective Date (cash paid and shares issued subsequent to year end).



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

- A cash payment of \$1,500,000 to Ressources Jessie and \$1,000,000 in Doré Copper Shares to be issued to Legault on the third anniversary of the Joe Mann Effective Date.
- Spending \$2,500,000 in qualifying exploration expenditures before the third anniversary of the Joe Mann Effective Date.
- A cash payment of \$1,000,000 to Ressources Jessie and \$1,500,000 in Doré Copper Shares to be issued to Legault upon the commencement of commercial production at Joe Mann.
- A 2% net smelter return royalty will be granted to Ressources Jessie and the Corporation will hold the option to buy back 1% for \$2,000,000 and buy back a further 0.5% for \$4,000,000.

### *Norbeau Property and Norbeau East Property Option Agreements*

On March 13, 2021, the Corporation entered into option agreements (the "Option Agreements") to acquire a 100% interest in the former producing Norbeau gold mine property and the contiguous Beauxroix property, located approximately 15 kilometres by road north from the Corporation's Copper Rand mill in the Chibougamau mining camp in northwestern Québec, Canada.

Under the terms of the Option Agreements, the Corporation may earn a 100% interest in the Properties under the following terms:

#### Norbeau Property

- \$50,000 in cash payments and \$175,000 equivalent in Shares following receipt of TSX Venture Exchange approval (paid), \$50,000 in cash payments and \$75,000 equivalent in Shares on the first anniversary, \$65,000 in cash payments and \$100,000 equivalent in Shares on the second and third anniversaries for a total of \$230,000 in cash payments and \$450,000 equivalent in Shares;
- \$100,000 in expenditures in the first 16 months and \$100,000 in expenditures in the subsequent six months;
- \$100,000 equivalent in Shares on filing a NI 43-101 Technical Report with mineral resources and a further \$250,000 equivalent in Shares if the mineral resources (all categories) exceed 300,000 ounces of gold
- \$150,000 equivalent in Shares on commencement of commercial production and a further \$350,000 equivalent in Shares after production of 100,000 ounces of gold; and
- 2% net smelter return ("NSR") royalty, of which 1% may be bought back for \$2,000,000.
- Subsequent to period end, to Corporation provided a notice of termination in respect of the option agreement on the Norbeau property.

#### Beauxroix Property

- \$35,000 in cash payments and \$25,000 equivalent in Shares following receipt of TSX Venture Exchange approval (paid), \$50,000 in cash payments and \$50,000 equivalent in Shares on the six-month anniversary (paid), and on the first, second and third anniversaries for a total of \$235,000 in cash payments and \$225,000 equivalent in Shares;
- \$300,000 in expenditures in the first 18 months and \$300,000 in expenditures in the subsequent six months;
- \$75,000 in cash payments on commencement of drilling (paid) and \$100,000 in cash payments after completion of 5,000 meters;
- 5,000 meters of drilling or cumulative equivalent expenditures prior to the third anniversary;
- \$100,000 equivalent in Shares on filing a NI 43-101 Technical Report with mineral resources;
- \$150,000 equivalent in Shares on commencement of commercial production; and
- 2% NSR royalty, of which 0.75% may be bought back for \$3,000,000, and approximately \$60,000 in advance royalty payments commencing in year three.
- Subsequent to period end, the Corporation provided a notice of termination in respect of the option agreement on the Beauxroix property.

#### *Tax credits receivable*

The Corporation has recorded \$2,350,000 in expected tax credits against exploration activity for the year



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

ended December, 31, 2021, as well as \$562,125 in tax credits assessed in respect of the 2020 exploration year.

### 8. PROMISSORY NOTES

In 2019 the Corporation issued promissory notes to Ocean Partners, a related party, in the aggregate amount of \$7,500,000, plus accrued interest. These promissory notes are considered a financial liability under IFRS 9 and are initially measured at fair value with subsequent measurement at amortised cost. The obligations of the Corporation under the promissory notes are guaranteed by CBay with such guarantee secured against the property and assets of CBay. Each of the promissory notes bear interest at a rate of 6% per annum, with \$1,000,000 maturing on the commencement of commercial production, \$2,000,000 maturing on the first anniversary of the commencement of commercial production, \$2,000,000 maturing on the second anniversary of the commencement of commercial production, and \$2,500,000 maturing on the third anniversary of the commencement of commercial production. The settlement of the obligation, both principal and interest, is contingent upon the timing of commencement of commercial production. Given the lack of certainty at this time as to whether the Corporation will reach the operational and economic milestones needed to achieve commercial production, and the estimated timeline to do so, the notes currently have nominal or no fair value. The accrued interest as at December 31, 2021 would be valued at \$1,162,500 (December 31, 2020 - \$712,500). The Corporation reassesses the amount, timing and probability of future cash flows at each reporting period to determine any required adjustments to the amortised cost balance of \$Nil. As at December 31, 2021, no adjustment has been made.

### 9. SHARE CAPITAL

#### i. Authorized

The Corporation is authorized to issue an unlimited number of common shares.

#### ii. Details of share issuances

Issued and outstanding:		# of shares	Share price
<b>Opening balance, January 1, 2020</b>		<b>28,575,596</b>	
Shares issued for mineral property	(a)	400,000	1.25
Shares issued in flow-through private placement (first tranche)	(b)	1,749,450	1.20
Shares issued in flow-through private placement (second tranche)	(b)	912,622	1.12
Shares issued in private placement (initial tranche)	(c)	5,800,378	0.68
<b>Balance, December 31, 2020</b>		<b>37,438,046</b>	
Shares issued for mineral property (Joe Mann)	(d)	500,000	1.00
Shares issued in private placement (final tranche)	(e)	2,999,622	0.68
Shares issued in flow-through private placement #1	(f)	12,221,000	0.90
Shares issued in relation to exercise of stock options	(g)	100,000	0.50
Shares issued for mineral property (Norbeau)	(h)	184,210	0.95
Shares issued for mineral property (Norbeau East)	(i)	26,315	0.95
Shares issued in private placement	(j)	9,636,050	1.00
Shares issued in flow-through private placement #2	(j)	2,907,000	1.72
Shares issued in relation to the exercise of warrants	(k)	10,752	0.68
Shares issued for mineral property (Norbeau East)	(l)	56,180	0.90
Shares issued in relation to exercise of options	(m)	33,333	0.50
Shares issued in relation to exercise of options	(m)	10,000	0.66
<b>Balance, December 31, 2021</b>		<b>66,122,508</b>	

- (a) On January 2, 2020, the Corporation issued 400,000 common shares at a price of \$1.25 in relation to the option agreement for the Joe Mann property (see note 7).



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

- (b) On August 25, 2020, the Corporation completed a "best efforts" brokered private placement (the "Offering"), pursuant to which the Corporation sold an aggregate of 2,662,072 common shares in the capital of the Corporation that will qualify as "flow-through shares" within the meaning of subsection 66(15) of the *Income Tax Act* (Canada) and, in relation to common shares issued to residents in Québec, section 359.1 of the *Taxation Act* (Québec) (collectively, the "Flow-Through Shares"), for aggregate gross proceeds of \$3,121,476.64, including partial exercise of the agents' option. The Flow-Through Shares were issued in two tranches with the first tranche consisting of 1,749,450 Flow-Through Shares issued to residents of Québec at a price of \$1.20 per Flow-Through Share for aggregate gross proceeds of \$2,099,340 and the second tranche consisting of 912,622 Flow-Through Shares issued to residents outside of Québec at a price of \$1.12 per Flow-Through Share for aggregate gross proceeds of \$1,022,136.64.

In consideration for their services in connection with the Offering, the Corporation paid the Agents a cash commission equal to 6% of the aggregate gross proceeds from the sale of Flow-Through Shares, and a reduced cash commission equal to 3% of the aggregate gross proceeds from the sale of Flow-Through Shares to certain purchasers. As additional consideration for their services in connection with the closing of the Offering, the Corporation issued the Agents non-transferable broker warrants of the Corporation ("Broker Warrants") equal to 6% of the aggregate number of Flow-Through Shares issued. Each Broker Warrant is exercisable to acquire one common share in the capital of the Corporation at an exercise price of \$1.12 per share until August 25, 2022.

In addition, Leede Jones Gable Inc. acted as a finder (the "Finder") in connection with the Offering. In consideration for acting as a finder in connection with the Offering, the Corporation paid the Finder a cash commission of \$341,681, equal to 3% of the aggregate gross proceeds from the sale of Flow-Through Shares arranged by the Finder and issued the Finder Broker Warrants equal to 3% of the aggregate number of Flow-Through Shares issued to purchasers arranged by the Finder on the same terms as the Broker Warrants issued to the Agents. The cash commission payable and the Broker Warrants issuable to the Agents on the sale of Flow-Through Shares arranged by the Finder was reduced accordingly.

- (c) On December 23, 2020 the Corporation closed an initial tranche of its non-brokered private placement (the "Offering"), pursuant to which the Corporation sold an aggregate of 5,800,378 common shares in the capital of the Corporation ("Offered Shares") at a price of \$0.68 per Offered Share for aggregate gross proceeds of \$3,944,257.04.

Cormark Securities Inc., Paradigm Capital Inc., Haywood Securities Inc. and Red Cloud Securities Inc. acted as finders (each, a "Finder") in connection with the initial tranche of the Offering. In consideration for acting as a finder in connection with the initial tranche of the Offering, the Corporation paid \$223,889 in cash finder's fees to the Finders, representing 6% of the gross proceeds of the Offered Shares that were sold to subscribers introduced by such parties, and issued an aggregate of 329,249 non-transferable warrants (the "Finder's Warrants") to purchase common shares in the capital of the Corporation (the "Finder's Warrant Shares") to the Finders, representing 6% of the Offered Shares that were sold to subscribers introduced by such parties, with each Finder's Warrant being exercisable for one Finder's Warrant Share at a price of \$0.68 per Finder's Warrant Share until December 23, 2022.

- (d) On January 4, 2021 the Corporation completed an option payment on the Joe Mann property pursuant to which the Corporation made a cash payment of \$250,000, and issued 500,000 common shares at a price of \$1.00 per share (see note 7).
- (e) On January 22, 2021, the Corporation announced the closing of the final tranche of its previously announced non-brokered private placement (the "Offering"), pursuant to which the Corporation sold an aggregate of 2,999,622 common shares in the capital of the Corporation ("Offered Shares") at a price of \$0.68 per Offered Share for aggregate gross proceeds of \$2,039,742. Together with the first tranche of the Offering, the Corporation sold an aggregate of 8,800,000 common shares in the capital of the Corporation under the Offering for aggregate gross proceeds of \$5,984,000.

Paradigm Capital Inc., Cormark Securities Inc. and Canaccord Genuity Corp. acted as finders (each, a "Finder") in connection with the final tranche of the Offering. In consideration for acting as a finder in



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

connection with the final tranche of the Offering, the Corporation paid an aggregate of \$31,048 in cash finder's fees to the Finders, representing 6% of the gross proceeds of the Offered Shares that were sold to subscribers introduced by such parties, and issued an aggregate of 45,660 non-transferable warrants (the "Finder's Warrants") to purchase common shares in the capital of the Corporation (the "Finder's Warrant Shares") to the Finders, representing 6% of the Offered Shares that were sold to subscribers introduced by such parties, with each Finder's Warrant being exercisable for one Finder's Warrant Share at a price of C\$0.68 per Finder's Warrant Share until January 22, 2023. In addition to the finder's fees, the Corporation also paid administrative fees in the amount of \$49,499 in respect of three subscriptions under the Offering.

- (f) On February 18, 2021, the Corporation closed a "best efforts" private placement (the "Offering"), pursuant to which the Corporation sold an aggregate of 12,221,000 common shares of the Corporation that will qualify as "flow-through shares" within the meaning of subsection 66(15) of the *Income Tax Act* (Canada) at a price of \$0.90 per Flow-Through Share for aggregate gross proceeds of \$10,998,900, including the full exercise of the agents' option.

Cormark Securities Inc. and Paradigm Capital Inc. acted as agents (the "Agents") in connection with the Offering pursuant to the terms of an agency agreement dated February 18, 2021. In consideration for their services in connection with the Offering, the Corporation paid the Agents a cash commission equal to \$659,934 representing 6% of the aggregate gross proceeds from the sale of Flow-Through Shares.

The Corporation will use an amount equal to the gross proceeds received by the Corporation from the sale of the Flow-Through Shares, pursuant to the provisions in the *Income Tax Act* (Canada), to incur eligible "Canadian exploration expenses" that qualify as "flow-through mining expenditures" as both terms are defined in the *Income Tax Act* (Canada) (the "Qualifying Expenditures") on or before December 31, 2022, and will renounce all of the Qualifying Expenditures in favour of the purchasers of the Flow-Through Shares effective December 31, 2021. The Corporation will shortly announce its drilling plans for the next two quarters based on the funds available from the recent financings.

The Offering was made by way of private placement in Canada pursuant to applicable exemptions from the prospectus requirements under applicable Canadian securities laws. The securities issued under the Offering are subject to a hold period under applicable Canadian securities laws which will expire on June 19, 2021.

- (g) On March 10, 2021 the Corporation issued 100,000 common shares at a price of \$0.50 in relation to the exercise of stock options by an employee of the Corporation.
- (h) On March 13, 2021, the Corporation issued 184,210 common shares at a price of \$0.95 in relation to the Norbeau property option agreement (see note 7).
- (i) On March 13, 2021, the Corporation issued 26,315 common shares at a price of \$0.95 in relation to the Norbeau East (Beaurox) property option agreement (see note 7).
- (j) On June 1, 2021, the Corporation closed a bought-deal private placement pursuant to which Cormark Securities Inc. and Paradigm Capital Inc., as co-lead underwriters, (collectively, the "Underwriters"), agreed to purchase, on a "bought deal" private placement basis: (i) 9,636,050 common shares in the capital of the Corporation (the "Offered Common Shares") at a price of \$1.00 per Offered Common Share (the "Common Share Offering Price") for gross proceeds of \$9,636,050 and (ii) 2,907,000 common shares in the capital of the Corporation that qualify as "flow-through shares" (within the meaning of subsection 66(15) of the *Income Tax Act* (Canada) and section 359.1 of the *Taxation Act* (Québec)) (the "Flow-Through Shares") at a price of \$1.72 per Flow-Through Share for gross proceeds of \$5,000,040.
- (k) On June 2, 2021, the Corporation issued 10,752 common shares at a price of \$0.68 in relation to the exercise of broker warrants.
- (l) On September 10, 2021, the Corporation issued 56,180 common shares at a price of \$0.90 in relation to the Norbeau East (Beaurox) property option agreement (see note 7).



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

- (m) On September 16, 2021 the Corporation issued 33,333 common shares at a price of \$0.50, and 10,000 common shares at an exercise price of \$0.66, in relation to the exercise of stock options by an employee of the Corporation.

### ii. Warrants

The following table reflects the continuity of warrants as at September 30, 2021:

		# of share warrants	Weighted average exercise price	Fair value	Expiry date
<b>Issued and outstanding:</b>					
<b>Balance, December January 1, 2020</b>		<b>2,344,677</b>		<b>212,685</b>	
Broker warrants issued pursuant to flow-through private placement	(a)	151,804	1.12	73,017	8/25/2022
Broker warrants issued pursuant to private placement (initial tranche)	(b)	329,249	0.68	178,782	12/23/2022
<b>Balance, December 31, 2020</b>		<b>2,825,730</b>		<b>464,484</b>	
Broker warrants issued pursuant to private placement (final tranche)	(c)	45,660	0.68	16,529	1/22/2023
Exercise of broker warrants		(10,752)	0.68	(5,642)	
Expiry of warrants		(2,316,900)	1.68		
<b>Balance, December 31, 2021</b>		<b>543,738</b>	<b>-</b>	<b>475,371</b>	

- (a) As additional consideration for services in connection with the closing of the Flow-Through Share Offering on August 25, 2020, the Corporation issued the Agents non-transferable broker warrants of the Corporation ("Broker Warrants") equal to 6% of the aggregate number of Flow-Through Shares issued. Each Broker Warrant is exercisable to acquire one common share in the capital of the Corporation at an exercise price of \$1.12 per share expiring August 25, 2022.
- (b) As additional consideration for services in connection with the closing of the initial tranche of the Private Placement Offering on December 23, 2020, the Corporation issued the Agents non-transferable broker warrants of the Corporation ("Broker Warrants") equal to 6% of the aggregate number of Common Shares issued. Each Broker Warrant is exercisable to acquire one common share in the capital of the Corporation at an exercise price of \$0.68 per share expiring December 23, 2022.
- (c) As additional consideration for services in connection with the closing of the final tranche of the Private Placement Offering on January 22, 2021, the Corporation issued the Agents non-transferable broker warrants of the Corporation ("Broker Warrants") equal to 6% of the aggregate number of Common Shares issued. Each Broker Warrant is exercisable to acquire one common share in the capital of the Corporation at an exercise price of \$0.68 per share expiring January 22, 2023.

For purposes of the broker warrants issued, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	2021	2020
Risk-free interest rate	0.1757%	0.2265% - 0.267%
Annualized volatility*	87.72%	89.71% - 93.90%
Expected dividend	NIL	NIL
Expected option life	2 years	2 years

\* Volatility based on similar publicly traded companies





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

### iii. Options

The Corporation has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

The continuity of stock options issued and outstanding are as follow:

	Options outstanding	Weighted average exercise price
<b>Issued and outstanding:</b>		
Balance, January 1, 2020	1,308,332	0.54
Granted	1,048,000	0.69
Forfeited	(120,832)	0.76
Outstanding at December 31, 2020	2,235,500	0.60
Granted	1,364,500	1.10
Exercised	(143,333)	0.55
Forfeited	(36,667)	0.57
<b>Outstanding at December 31, 2021</b>	<b>3,420,000</b>	<b>0.81</b>

During the period ended December 31, 2021, there were 133,333 options exercised at a price of \$0.50, and 10,000 options exercised at a price of \$0.66 (2020 - \$nil).

At December 31, 2021, the following options were outstanding and outstanding and exercisable:

Outstanding			Outstanding and Exercisable	
Weighted average exercise price	Options #	Weighted average remaining life (years)	Options #	Weighted average remaining life (years)
\$0.50	1,037,500	1.75	1,037,500	1.75
\$0.66	753,000	3.58	286,000	3.58
\$0.70	235,000	4.16	235,000	4.16
\$0.79	45,000	4.85	-	4.85
\$0.81	45,000	4.85	-	4.85
\$0.96	30,000	4.00	-	4.00
\$1.10	1,207,000	4.55	-	4.55
\$1.04	67,500	4.65	-	4.65
	<b>3,420,000</b>	<b>4.10</b>	<b>1,558,500</b>	<b>3.85</b>

Total vested options at December 31, 2021 were 1,558,500, with a weighted average exercise price of \$0.54 (957,500 at December 31, 2020 with a weighted average exercise price of \$0.51).

The Corporation applies the fair value method of accounting for all stock based compensation awards and accordingly, \$738,288 was recorded as compensation for the year ended December 31, 2021 (2020 - \$377,011).

- The Corporation currently estimates the forfeiture rate to be \$nil.





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	December 31, 2021	December 31, 2020
Risk-free interest rate	0.8218% - 0.9154%	0.255% - 0.44%
Annualized volatility**	94.38% - 95.77%	86.25%-105.99%
Expected dividend	NIL	NIL
Expected option life	5 years	2 to 5 years
Expected forfeiture rate	NIL	NIL

\*\* Volatility based on similar publicly traded companies

### 10. LOSS PER SHARE

The basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share as the effect of common share purchase options and warrants would be anti-dilutive.

	2021	2020
Numerator:		
Net loss	(13,914,561)	(9,099,488)
Denominator:		
Weighted average number of common shares	58,594,959	30,031,192
<b>Weighted average loss per share</b>	<b>(0.24)</b>	<b>(0.30)</b>

### 11. INCOME TAXES

The Corporation's income tax benefit differs from the amount computed by applying the combined federal and provincial income tax rates to loss before income taxes as a result of the following:

	2021 \$	2020 \$
Loss for the year	(14,528,621)	(10,199,736)
Statutory rates	26.50 %	26.50 %
Income tax recovery computed at statutory rates	(3,850,085)	(2,702,930)
Increase in deferred tax assets not recognized	1,622,220	2,350,401
Non-deductible items	2,041,955	229,254
Effect of change in tax rates	185,910	123,275
Impact of flow-through share premium	(614,060)	(1,100,248)
Income tax recovery	(614,060)	(1,100,248)

Deferred tax assets not recognized

Management believes that it is not probable that sufficient taxable profits will be available in future years to allow the benefit of the following deductible temporary differences to be utilized:

Non-capital losses	23,988,537	7,354,555
Other deductible temporary differences*	24,695,715	29,316,008

\*Includes deductible temporary differences related to exploration and development for Federal tax purposes of \$22.25M. The deductible temporary differences for Québec purposes is \$29M which is different from that for Federal tax purposes.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

### 12. RELATED PARTIES

The Corporation's related parties include management personnel and entities over which they have control or significant influence as described below.

#### *Nature of transactions*

Halstone Corporate Services	Accounting, IT and management services
EDM Mining and Metals Advisory	Exploration consulting and management services
Ocean Partners Investments Limited	Credit facility

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash, however in certain circumstances they Corporation may issue some form of equity.

The following are the related party transactions, recorded at the exchange amount as agreed to by the parties for the year ended December 31, 2021 and 2020, respectively:

- (a) Included in general and administrative expenses are amounts totaling \$131,079 (2020 - \$122,521) for accounting, IT and management services provided by Halstone Corporate Services, a company related to the Corporation through Gavin Nelson, CFO of Doré, and an officer of Halstone.
- (b) Included in consulting expenses are amounts totaling \$300,004 (2020 - \$200,004) for exploration consulting and management services paid to EDM Mining & Metals Advisory, a company related to the Corporation through Ernest Mast, President and CEO of the Corporation, as well as EDM.
- (c) As part of the CBay asset acquisition (see note 8), the Corporation issued promissory notes to Ocean Partners Investment Limited, a company related to the Corporation through Brent Omland, Director of AmAuCu and Doré, and an officer of Ocean Partners Ltd. At December 31, 2021, the fair value of the promissory notes has been determined to be \$Nil (2020 - \$Nil).

Key management personnel remuneration includes the following amounts:

	2021 \$	2020 \$
Salary and wages	474,000	318,004
Share-based payments	249,055	64,974
	<b>723,055</b>	<b>382,978</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

### 13. COMMITMENTS

#### Flow-through renunciation

On August 25, 2020, the Corporation completed a flow-through financing to raise \$3,121,477. The Corporation intends to renounce 100% of the flow-through raised in 2020 to investors as at December 31, 2020. The Corporation has until February 1, 2021 to incur expenditures before monthly interest charges began to accrue on unspent funds. Interest charges incurred by the Corporation as a result of this income tax legislation are charged to income in the period incurred. Of the \$3,121,477 in flow-through financing raised in 2020, the Corporation has incurred \$3,121,477 in exploration expenses, and thus must incur expenses of \$Nil by December 31, 2021, to fulfil its obligation in relation to these renounced expenditures.

On February 18, 2021, the Corporation completed a flow-through financing to raise \$10,998,900. The Corporation intends to renounce 100% of the flow-through raised in 2021 to investors as at December 31, 2021. The Corporation has until February 1, 2022 to incur expenditures before monthly interest charges began to accrue on unspent funds. Interest charges incurred by the Corporation as a result of this income tax legislation are charged to income in the period incurred. Of the \$10,998,900 in flow-through financing raised in the February 18, 2021 financing, the Corporation has incurred \$6,056,416 in exploration expenses, and thus must incur expenses of \$4,942,484 by December 31, 2022, to fulfil its obligation in relation to these renounced expenditures.

On June 1, 2021, the Corporation completed a flow-through financing to raise \$5,000,040. The Corporation intends to renounce 100% of the flow-through raised in 2021 to investors as at December 31, 2021. The Corporation has until February 1, 2022 to incur expenditures before monthly interest charges began to accrue on unspent funds. Interest charges incurred by the Corporation as a result of this income tax legislation are charged to income in the period incurred. Of the \$5,000,040 in flow-through financing raised in the June 1, 2021 financing, the Corporation has incurred \$Nil in exploration expenses, and thus must incur expenses of \$5,000,040 by December 31, 2022, to fulfil its obligation in relation to these renounced expenditures.

### 14. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Corporation's operations include the acquisition and exploration of mineral properties in Canada. The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

#### [a] Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owed to the counterparty by the Corporation where a legal right of off-set exists and also includes the fair values of contracts with individual counterparties which are recorded in the consolidated financial statements.

#### i) Trade credit risk

The Corporation is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior year.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

- ii) Cash and cash equivalents  
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of three months or less and are cashable at any time. Limits are also established based on the type of investment, the counterparty and the credit rate.
- iii) Derivative financial instruments  
As at December 31, 2021, the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments in order to manage credit risk, it will only enter into derivative financial instruments with highly rated investment grade counterparties.

### [b] Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

### [c] Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a significant loss as a result of a decline in the fair market value is limited as the Corporation holds all of its funds in cash and guaranteed investment certificates.

The Corporation does not invest in derivatives to mitigate these risks.

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) 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).

The following table sets forth the Corporation's financial assets measured at fair value by level within the fair value hierarchy as at December 31, 2021 (2020 - \$nil):

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Investments	-	815,088	-	<b>815,088</b>

## 15. MANAGEMENT OF CAPITAL RISK

The Corporation manages its common shares and stock options as capital, the balance of which is \$52,614,811 at December 31, 2021 (2020 - \$28,823,406). The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares and, acquire or dispose of assets or acquire new debt.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

For the years ending December 31, 2021 and 2020

### 16. SUBSEQUENT EVENTS

#### *Grant of options*

On January 17, 2022 the Corporation granted 67,500 stock options to an employee at an exercise price of \$0.70, 5 year life, and vesting equally over three years, with the first 1/3 vesting after year one.

#### *Option payment on Joe Mann Property*

On January 28, 2022 the Corporation completed an option payment on the Joe Mann property pursuant to which the Corporation made a cash payment of \$1,500,000, and issued 632,911 common shares at a price of \$0.79 per share.

#### *Termination of option agreement on Beauron Property*

On March 8, 2022, the Corporation provided a notice of termination in respect of the option agreement on the Beauron property.

#### *Grant of options*

On April 11, 2022 the Corporation granted 50,000 stock options to an employee at an exercise price of \$0.78, 5 year life, and vesting equally over three years, with the first 1/3 vesting after year one.

#### *Termination of option agreement on Norbeau Property*

On April 12, 2022, the Corporation provided a notice of termination in respect of the option agreement on the Norbeau property.