SPRUCE RIDGE RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2022 AND 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Spruce Ridge Resources Ltd.:

Opinion
We have audited the financial statements of Spruce Ridge Resources Ltd. and its subsidiary (the Company) which comprise the consolidated statement of financial position as at April 30, 2022 and the consolidated statement of income (loss), consolidated statement of comprehensive income (loss), consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022 and its financial performance and its 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 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.

Material uncertainty related to going concern
We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has retained earnings, net of dividends Canada Nickel shares of negative $4,511,843 (April 30, 2021 - $13,311,912) and has working capital of $8,064,391 (April 30, 2021 - working capital $11,129,515). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Restated Comparative Information
We draw attention to Note 19 to the consolidated financial statements, which explains that certain comparative information for the year ended April 30, 2022 has been restated. Our opinion is not modified in respect of this matter.

The financial statements of the Company for the year ended April 30, 2021, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor, who expressed an unmodified opinion on those financial statements on August 30, 2021.

As part of our audit of the financial statements for the year ended April 30, 2021, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended April 30, 2021. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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

- Management’s Discussion & 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. 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. We have nothing to report in this regard.

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 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 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 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 the 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 Kyle Hendin.

Scarrow & Donald LLP

Chartered Professional Accountants
February 28, 2023
Winnipeg, Canada

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at April 30, 2022 and 2021

	Notes	2022 $	2021 (restated) $
Assets			
Current			
Cash		713,701	2,177,837
Accounts receivable	3	309,856	158,319
Miscellaneous receivable	4	666,729	-
Marketable securities – short term	5	6,735,847	8,750,079
Prepaid expenses	6	17,669	423,812
		8,443,802	11,510,047
Marketable securities – long term	5	6,600,000	21,240,000
Exploration and evaluation assets	7	757,397	1,209,992
Property and equipment, net	10	371,136	100,396
Security deposits	9	663,156	70,176
Total Assets		16,835,491	34,130,611
Liabilities			
Current			
Accounts payable and accrued liabilities	11	319,411	222,351
CEBA loan	12	60,000	60,000
Deferred premium on flow through shares		-	98,181
		379,411	380,532
Reclamation liability	13	232,814	-
Deferred income taxes	14	-	1,533,900
Total Liabilities		612,225	1,914,432
Shareholders’ equity			
Share capital	15(a)	17,430,583	14,765,263
Warrants	15(b)	35,729	867,916
Contributed surplus		3,268,797	3,271,088
Dividends Canada Nickel shares		(11,314,369)	(4,150,000)
Retained earnings		6,802,526	17,461,912
Total Shareholders’ Equity		16,223,266	32,216,179
Total Liabilities and Shareholders’ Equity		16,835,491	34,130,611

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
As at April 30, 2022 and 2021

	Notes	2022 $	2021 (restated) $
Oil and gas revenue		131,390	-
Oil Expenses			
Accretion		18,981	
Amortization		26,383	-
Filing fees		8,402	-
Professional fees		5,323	-
Office and general		2,765	-
Operator expenses		570,026	-
Royalties		10,592	-
		642,472	-
Loss from oil and gas operations		(511,082)	-
Amortization		8,710	5,680
Exploration expenses		1,359,834	635,364
Filing fees		30,346	28,719
Investor and shareholder relations		91,269	103,492
Management fee		183,166	440,000
Office and general		1,301	1,333
Professional fees		48,107	40,541
Property expenses		12,129	8,409
Stock based compensation		-	34,843
		1,734,862	1,298,381
Net operating loss before other income		(2,245,944)	(1,298,381)
Gain (loss) on distribution of dividends in kind		(150,301)	1,800,000
Gain on sale of marketable securities		1,920	18,608
Gain on foreign exchange		931	-
Grant income		60,000	-
Rental income		15,100	18,750
Writedown of exploration and evaluation assets	7	(610,000)	-
Marketable securities – fair value adjustment		(9,363,173)	22,604,748
Net income (loss) before income tax		(12,291,467)	23,143,725
Deferred income tax expense (recovery)	14	(1,632,081)	1,470,435
Net income (loss) and comprehensive income (loss)		(10,659,386)	21,673,290
Net income (loss) per share – basic and diluted		(0.06)	0.16
Weighted average outstanding shares		174,481,164	135,765,806

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
As at April 30, 2022 and 2021

	Shares issued	**Share capital**	**Warrants**	**Contributed surplus**	**Dividends – Canada Nickel shares**	**Retained earnings** (restated)	**Total** (restated)
		$	**$**	**$**	**$**	**$**	**$**
Balance, April 30, 2020	113,158,622	10,747,522	1,634,707	3,287,709	-	(4,211,378)	11,458,560
Shares issued - warrants exercised	28,210,000	1,735,500	-	-	-	-	1,735,500
Black Scholes on warrants exercised	-	813,666	(813,666)	-	-	-	-
Warrants expired	-	-	(5,225)	5,225	-	-	-
Stock options exercised	1,900,000	95,000	-	-	-	-	95,000
Black Scholes on stock options exercised	-	56,689	-	(56,689)	-	-	-
Stock dividend Canada Nickel shares	-	-	-	-	(4,150,000)	-	(4,150,000)
Flow through private placement	11,546,142	1,616,460	-	-	-	-	1,616,460
Share issue costs	-	(85,828)	-	-	-	-	(85,828)
Black Scholes on broker warrants issued	-	(52,100)	52,100	-	-	-	-
Deferred premium on FT shares issued	-	(161,646)	-	-	-	-	(161,646)
Stock based compensation	-	-	-	34,843	-	-	34,843
Net income	-	-	-	-	-	21,673,290	21,673,290
Balance, April 30, 2021	154,814,764	14,765,263	867,916	3,271,088	(4,150,000)	17,461,912	32,216,179
Shares issued - warrants exercised	23,142,438	1,618,342	-	-	-	-	1,618,342
Black Scholes on warrants exercised	-	827,012	(827,012)	-	-	-	-
Stock dividend Canada Nickel shares	-	-	-	-	(7,164,369)	-	(7,164,369)
Stock options exercised	250,000	12,500	-	-	-	-	12,500
Black Scholes on stock options exercised	-	7,466	-	(7,466)	-	-	-
Warrants expired	-	-	(5,175)	5,175	-	-	-
Shares issued - Foggy Pond Property	2,000,000	200,000	-	-	-	-	200,000
Net loss	-	-	-	-	-	(10,659,386)	(10,659,386)
Balance, April 30, 2022	180,207,202	17,430,583	35,729	3,268,797	(11,314,369)	6,802,526	16,223,266

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
As at April 30, 2022 and 2021

	2022 $	2021 (restated) $
Operating activities		
Net income (loss) for the year	(10,659,386)	21,673,290
Add back / deduct non-cash expenses		
Accretion	18,981	-
Amortization	35,093	5,680
Writedown of exploration and evaluation assets	610,000	-
Deferred income taxes	(1,632,081)	1,470,435
Marketable securities - fair value adjustment	9,363,173	(22,604,748)
Stock based compensation	-	34,843
Gain (loss) on distribution of dividends in kind	150,301	(1,800,000)
Gain on sale of marketable securities	(1,920)	(18,608)
Total non-cash items	(2,115,839)	(1,239,108)
Changes in non-cash balances		
Accounts receivable	(151,537)	(65,423)
Security deposits	(592,980)	-
Miscellaneous receivable	(666,729)	500,000
Prepaid expenses	406,143	(408,808)
Accounts payable and accrued liabilities	97,060	(131,460)
Changes in operating activities	(908,043)	(105,691)
Total cash used in operating activities	(3,023,882)	(1,344,799)
Investing activities		
Proceeds from sale of marketable securities	11,300	81,990
Purchase of marketable securities	(9,380)	-
Purchase of fixed assets	(92,000)	(19,000)
Purchase of exploration and evaluation assets	(32,405)	(28,695)
Proceeds from exploration and evaluation assets	51,389	100,000
Total cash provided (used) in investing activities	(71,096)	134,295
Financing activities		
Long term loan - CEBA	-	60,000
Cash from flow through private placements	-	1,616,460
Cash from warrants exercised	1,618,342	1,735,500
Cash from stock options exercised	12,500	95,000
Share issue costs	-	(85,828)
Advance from director	-	(32,746)
Total cash provided by financing activities	1,630,842	3,388,386
Change in cash	(1,464,136)	2,177,882
Cash (indebtedness) at the beginning of the year	2,177,837	(45)
Cash at the end of the year	713,701	2,177,837

1. Nature of operations and going concern

Spruce Ridge Resources Ltd. ("**Spruce**" or the "**Company**") is a public company listed on the TSX Venture Exchange (TSXV - SHL) and operating under the laws of the Province of Ontario. The Company is an exploration stage company that is in the process of exploring its mineral properties located in Canada and has not yet determined whether these properties contain reserves that are economically recoverable. The Company also has producing oil wells in Unity, Saskatchewan from its wholly owned subsidiary Spruce Ridge Oil & Gas Inc ("SRO&G"). The Company's registered head office is located at 18 King Street E, Suite 902, Toronto, ON M5C 1C4

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from April 30, 2022. At April 30, 2022, the Company has retained earnings, net of dividends Canada Nickel shares of negative $4,511,843 (April 30, 2021 - $13,311,912) and has working capital of $8,064,391 (April 30, 2021 - working capital $11,129,515). The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient funds and continue to obtain sufficient capital from investors to meet its current and future obligations. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development.

2. Significant accounting policies

(a) Basis of presentation and statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of April 30, 2022. The Board of Directors approved the consolidated financial statements on February 28, 2023.

The consolidated financial statements of the Company include the accounts of its wholly owned subsidiary Spruce Ridge Oil & Gas Inc. and have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(b) Presentation and functional currency

The presentation currency of the Company and its subsidiary and the functional currency of the Company and its subsidiary is the Canadian dollar.

2. Significant accounting policies (continued)

(c) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at statement of financial position date and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred.

Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in Statements of Income (Loss) and Comprehensive Income (Loss), except for differences arising on the translation of available for sale equity instruments that are recorded in other accumulated comprehensive income.

(d) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes party to a contractual agreement.

Financial assets are initially measured at fair value and classified into one of the following specified categories: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). Financial assets measured at amortized cost are initially recognized at fair value and subsequently are measured at amortized cost using an effective interest rate method. Financial assets measured at FVTPL are measured at fair value with unrealized gains and losses recognized in the Statements of Income (Loss) and Comprehensive Income (Loss).

Financial assets recognized in the statements of financial position include cash, accounts receivable, miscellaneous receivable, security deposits and marketable securities.

Cash consists of cash on hand, bank balances and investments in money market instruments in Canada with maturities of three months or less. Cash is measured at amortized cost.

Accounts receivable, miscellaneous receivable and security deposits are initially recognized at fair value and is subsequently measured at amortized cost using an effective interest rate method.

Marketable securities reported at fair-value-through-profit-and-loss (FVTPL) are recorded at fair value with the difference between fair value and cost being recorded as unrealized gain or loss in value of investments on the Statements of Income (Loss) and Comprehensive Income (Loss)

2. Significant accounting policies (continued)

Classification of Financial Liabilities

Financial liabilities are classified as either FVTPL or amortized cost. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the Statements of Income (Loss) and Comprehensive Income (Loss) unless the change in fair value is attributable to changes in credit risk in which case the change is reported in other comprehensive income. Financial liabilities reported at amortized cost, including borrowings, are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method. Financial liabilities consist of accounts payable and accrued liabilities and due to director. Accounts payable and accrued liabilities and due to director are initially recognized at fair value and classified as amortized cost, and subsequently measured at amortized cost.

Measurement of Fair Value

All financial instruments that are measured at fair value are categorized into one of three hierarchy levels, as described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the comparable asset or liability, either directly or indirectly.

Level 3 - one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments

Transaction Costs

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities recorded at fair value through profit or loss for the period are recognized immediately in the Statements of Income (Loss) and Comprehensive Income (Loss).

Offsetting

Financial assets and financial liabilities are offset and reported on the Statements of Financial Position only if there is an enforceable legal right to offset the recognized amounts, and an intention to realize the asset and settle the liability simultaneously.

Issuance of Equity Instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

2. Significant accounting policies (continued)

The classifications of financial assets and financial liabilities are shown in the table below:

Financial assets	IFRS 9
Cash	Amortized cost
Accounts receivable	Amortized cost
Miscellaneous receivable	Amortized cost
Marketable securities	FVTPL
Security deposits	Amortized cost

Financial liabilities	IFRS 9
Accounts payable and accrued liabilities	Amortized cost
CEBA loan	Amortized cost

(e) Property and equipment

On initial recognition, property and equipment and equipment are valued at cost, being the purchase price which includes the cash consideration and the fair market value of the shares issued for the acquisition of mineral properties and those directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within the provisions.

Property and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statements of Loss and Comprehensive Loss during the financial period in which they are incurred.

2. Significant accounting policies (continued)

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in the Statements of Income (Loss) and Comprehensive Income (Loss).

Property, plant and equipment are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	10%
Exploration and oil & gas equipment	20%
Office equipment	20%
Trucks	30%

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

(f) Exploration and evaluation assets

Exploration assets

Exploration expenditures relating to resource properties in which a legal right to explore has been obtained and an interest is retained are deferred and are carried as an asset until the results of the projects are known. If a project is unsuccessful or if exploration has ceased because continuation is not economically feasible, the cost of the property is written off. The fair value of resource properties acquired in exchange for the issuance of the Company's shares is determined by the trading price of the Company's shares on the date the shares are issued.

Option payments paid by the Company are capitalized against resource property costs when paid. Option payments received by the Company are deducted from resource property costs when received. No gain or loss on disposition of a partial interest is recorded until all carrying costs of the interest have been offset by proceeds of sale or option payments received or paid.

Evaluation assets

Evaluation expenditures relating to the evaluation of resource properties are capitalized until properties brought into production, at which time costs are amortized on a unit-of production basis over economically recoverable reserves, or abandoned or the interest is sold.

If a project is successful and production has occurred, the exploration expenditures and related deferred evaluation expenditures are first tested for impairment and reclassified to mine property and development, and then amortized by charges against income from future mining operations.

Exploration and evaluation expenditures, which are general in nature and cannot be associated with a specific group of mining claims, and general administrative expenses, are expensed in the year in which they are incurred.

2. Significant accounting policies (continued)

(g) General

Administrative, prospecting and general expenses are expensed in the year in which they are incurred.

(h) Income Taxes

Deferred Income taxes are recognized for timing differences between the tax and accounting basis of assets and liabilities, and for the recognition of accumulated capital and non-capital losses, which in the opinion of management are more likely than not to be realized before expiry. Deferred tax income assets and liabilities are presented as a non-current item and measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The effect on deferred income tax assets and liabilities resulting from a change in enacted or substantially enacted tax rates is included in income in the period in which the change is enacted or substantively enacted.

(i) Flow-Through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium if any received from the investor, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as a deferred income tax recovery and the resulting deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

2. Significant accounting policies (continued)

(j) Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. If the Company is virtually certain that some or all of a provision will be reimbursed, for example under an insurance contract, such reimbursement is recognized as a separate asset. Provisions may be discounted using a current pre-tax rate that reflects the risks specific to the liability. The expense relating to any provision is presented in the Statements of Income (Loss) and Comprehensive Income (Loss).

(k) Share capital

Financial instruments issued by the Company are defined as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, stock options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

2. Significant accounting policies (continued)

(l) Use of estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company,

which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company`s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

2. Significant accounting policies (continued)

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company uses the Black-Scholes model to value stock options.

(m) Stock based payments

Where equity-settled stock options are awarded to employees, the fair value of the stock options at the date of grant is charged to the Statements of Income (Loss) and Comprehensive Income (Loss) over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statements of Income (Loss) and Comprehensive Income (Loss)over the remaining vesting period. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the stock-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management`s best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. All equity-settled stock-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The Company values stock options using the Black-Scholes model.

2. Significant accounting policies (continued)

(n) Income recognition

Income from the sale of mineral products, when they occur, are generally recorded on a gross basis when title passes to an external party. The Company recognizes income when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collection of the related receivable is reasonably assured. Title and risk of loss generally pass to the customer at the time of control of the product passes to the customer.

Interest income is accrued as earned.

(o) Comprehensive Income

Comprehensive income is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income for the period and other comprehensive income. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "other comprehensive income" until it is considered appropriate to recognize in net earnings.

The Company had no comprehensive income or loss transactions, other than its net loss, presented in the Statements of Income (Loss) and Comprehensive Income (Loss), nor has the Company accumulated other comprehensive income during the reporting periods.

(p) Income (loss) per share

Basic income (loss) per share is computed by dividing income (loss) and comprehensive income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact in 2022 and 2021.

(q) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. The amount of the provision is the difference between the asset`s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

A previously recognized impairment loss may be reversed, to the extent of previously recorded losses, if the asset subsequently recovers.

2. Significant accounting policies (continued)

Non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Indications of impairment such as significant decrease in its market price, evidence of obsolescence and physical damage, carrying amount of the net assets is more than its market capitalization, or significant adverse change in use.

Where the carrying value of an asset exceeds its recoverable amount, which is the greater of value in use and fair value less disposal costs, the asset is written down accordingly. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down and the impairment loss is recognized in the Statements of Income (Loss) and Comprehensive Income (Loss).

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the smallest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

A previously recognized impairment loss may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset. If this is the case, the carrying amount of the asset is increased to its recoverable amount and is recognized in the Statements of Income (Loss) and Comprehensive Income (Loss). The increased amount cannot exceed the carrying amount that would have been determined had no impairment been recognized for the asset.

(r) Jointly controlled operations

Certain of the Company's oil and gas activities include jointly controlled operations. The financial statements include the Company's share of these jointly controlled operations and a proportionate share of the relevant assets, liabilities, revenue and related costs.

(s) Future accounting policies

The Company is currently assessing the impact of the following future accounting policies that are not expected to have a material impact on the Company:

Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current. In January 2020, the IASB issued amendments to IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The amendments are to be applied retrospectively.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

In February 2021 the IASB issued amendments to IAS 1 to require entities to disclose their material accounting policy information rather than their significant accounting policies. To support this amendment the IASB also amended IFRS Practice Statement 2 “Making Materiality Judgements”. The amendments are effective January 1, 2023 with earlier adoption permitted.

In May 2021, the IASB issued amendments to IAS 12 "Income Taxes" to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective January 1, 2023 with early adoption permitted. The amendments are required to be adopted retrospectively.

3. Accounts receivable

	30-Apr-22	30-Apr-21
	$	$
HST	188,221	158,319
GST - SRO&G	16,650	-
Accounts receivable	44,985	-
Grant receivable	60,000	-
Total	309,856	158,319

4. Miscellaneous receivable

The Company’s miscellaneous receivable is due from a former officer and director. This amount is non-interest bearing with no set terms of repayment. An amount of $416,185 is secured by shares held by the former officer and director in another publicly listed corporation as well as shares of the Company.

(Expressed in Canadian Dollars)

5. Marketable securities

At April 30, 2022 and April 30, 2021, the Company held marketable securities consisting of cash on hand and shares in Canadian listed public companies as follows:

30-Apr-22	**Number of Shares**	**Cost**	**Short Term FV Adjustment**	**Long Term FV Adjustment**	**Fair Value**
Cash					$ 465
Canada Nickel Company - ST	2,594,995	706,752	5,002,237	-	5,708,989
Canada Nickel Company - LT	3,000,000	750,000	-	5,850,000	6,600,000
Noble Mineral Exploration	10,000,000	800,000	200,000	-	1,000,000
Magna Terra Minerals Inc.	261,312	48,611	(22,480)	-	26,131
Cerro Grande Mining Corp.	261,150	20,593	(20,331)	-	262
		2,325,956	5,159,426	5,850,000	**$13,335,847**

30-Apr-21	**Number of Shares**	**Cost**	**Short Term FV Adjustment**	**Long Term FV Adjustment**	**Fair Value**
Cash					$ 200
Canada Nickel Company - ST	2,100,000	639,000	6,795,000	-	7,434,000
Canada Nickel Company - LT	6,000,000	1,500,000	-	19,740,000	21,240,000
Noble Mineral Exploration	10,000,000	800,000	500,000	-	1,300,000
Magna Terra Minerals	76,126	25,000	(9,775)	-	15,225
Cerro Grande Mining Corp.	26,150	20,593	(19,939)	-	654
		2,984,593	7,265,286	19,740,000	**$ 29,990,079**

The shares of Canada Nickel Company classified as long-term are held in an Escrow account. The shares are released in 6-month intervals.

6. Prepaid expenses

The prepaid expenses for the Company are as follows:

	30-Apr-22 $	30-Apr-21 $
Prepaid expenses	4,019	423,812
Prepaid expenses - SRO&G	13,650	-
	17,669	423,812

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets

	Nora Lake	Viking/Kramer	Great Burnt Copper/Gold	Foggy Pond	Total
	$	$	$	$	$
Balance, April 30, 2020	**7,500**	**922,500**	**376,297**	**-**	**1,306,297**
Additions	-	-	28,695	-	28,695
Adjustment	-	(125,000)	-	-	(125,000)
Balance, April 30, 2021	**7,500**	**797,500**	**404,992**	**-**	**1,209,992**
Additions	-	12,500	8,400	211,505	232,405
Adjustment	-	(75,000)	-	-	(75,000)
Writedown	-	(610,000)	-	-	(610,000)
Balance, April 30, 2022	**7,500**	**125,000**	**413,392**	**211,505**	**757,397**

(a) Crooked Green Property, Pifher Township, Ontario

1% net smelter - The Company sold its interest in mining claim units in Pifher Township in 1999 but retained a royalty equal to 1% of the net smelter returns should the property commence commercial production. As at April 30, 2022, commercial production had not commenced and the carrying value is $nil.

(b) Nora Lake Property, Ontario

On May 18, 2005, the Company acquired an option to purchase an eighty nine percent (89%) interest in the Nora Lake area, Ontario.

(c) Viking/Kramer Gold Property, Western Newfoundland

On September 8, 2020 the Company entered into an Amended Option Agreements (the “Agreements”) with Magna Terra Minerals Inc. (“Magna Terra”) for both the Viking and Kramer Properties (“Viking”, “Kramer” or the “Properties”) situated near the communities of Pollard’s Point and Sop’s Arm in White Bay, Newfoundland.

7. Exploration and evaluation assets (continued)

Option Details

Magna Terra can earn a 100% interest in the Viking and Kramer Projects by paying the Company a total of $300,000 over 4 payment periods ending February 15, 2023. At Magna Terra's election up to half (50%) of the payments can be made via the issuance of Common Share Units (the "Units"). Pricing of the units will be calculated using the 20 day volume weighted average price ("VWAP") of Magna Terra's common shares on the TSX Venture Exchange immediately prior to the payment date. Each Unit will consist of one Common Share and ½ Common Share Purchase Warrant. Each whole warrant will be exercisable at a 50% premium to the Common Share VWAP, for a period of 2 years from the payment date. The warrant exercise price will not be less than the market price of the common shares at the time of issuance. The maximum number of Units issuable by Magna Terra is 740,742. During the year ended April 30, 2022 the Company received $75,000 of consideration comprised of 185,186 units and $51,389 of cash. During the year ended April 30, 2021 the Company received of $125,000 of consideration comprised of 76,126 units and $100,000 of cash.

Subsequent to April 30, 2022 the agreement was amended such that Magna Terra would issue 2,500,000 common shares to complete their 100% acquisition of the Viking and Kramer projects including the cancellation of the NSR's. As a result of the amended agreement, a $610,000 writedown to the estimated recoverable amount of $125,000 of the asset was recorded.

(d) Great Burnt Copper/Gold Property, Central Newfoundland

The Company owns a 100%-undivided interest in the Great Burnt Copper/Gold Property in Central Newfoundland.

(e) Foggy Pond Property

On September 14, 2021 the Company acquired 767 claims covering 19,175 hectares of land which are contiguous to the Company's Great Burnt Copper-Gold Property.

During the year ended April 30, 2022, the Company issued 2,000,000 shares valued at $200,000 to the vendor for an interest in the property.

(Expressed in Canadian Dollars)

8. Exploration expenses

A summary of exploration expenditures incurred for the year ended April 30, 2022 is as follows:

	Great Burnt	Foggy Pond	Totals
	$	$	$
Field Expenses	59,423	-	59,423
Assays	3,699	-	3,699
Geologists	65,947	-	65,947
Drilling	565,824	-	565,824
Airborne survey	-	182,777	182,777
Access Trail	172,490	-	172,490
Wages	78,217	-	78,217
Preliminary Economic Assessment	211,657	-	211,657
Lease	19,800	-	19,800
	1,177,057	182,777	1,359,834

A summary of exploration expenditures incurred for the year ended April 30, 2021 is as follows:

	Great Burnt
	$
Field Expenses	118,177
Assays	19,744
Geologists	51,427
Drilling	385,810
Wages	40,406
Lease	19,800
	635,364

9. Security deposits

The $108,526 (2021 - $70,176) of security deposits are on hand with provincial governments in connection with various mineral rights claims.

The Company acquired certain mineral leases with petroleum and natural gas rights, plus oil and gas wells, pipelines and facilities in the Unity area of southwestern Saskatchewan from Repsol Canada Energy Partnership. Included in the purchase are 793 ha of petroleum and natural gas rights from surface to the base of the Mannville Group with an average working interest of 84%. The purchase includes 5 active oil wells, 10 suspended oil and gas wells, heavy oil facilities, pipelines, and an active water disposal well.

The purchase price is $50,000 plus $10,000 paid to the Orphan Fund. The purchase price considers the Company’s responsibility for the Environmental Liabilities, including Environmental Defects and Abandonment and Reclamation Obligations. An abandonment and reclamation security deposit of $554,630 was paid to the Saskatchewan government.

(Expressed in Canadian Dollars)

10. Property and equipment

Cost	Land	Buildings	Equipment	Office Equipment	Trucks	Oil & Gas Assets	Total
	$	$	$	$	$	$	$
Balance, April 30, 2020	40,000	159,000	216,756	9,200	10,000	-	434,956
Additions	-	-	19,000	-	-	-	19,000
Balance, April 30, 2021	40,000	159,000	235,756	9,200	10,000	-	453,956
Additions	-	-	6,000	-	26,000	273,833	305,833
Balance, April 30, 2022	40,000	159,000	241,756	9,200	36,000	273,833	759,789
Accumulated Amortization							
Balance, April 30, 2020	-	121,297	208,295	8,631	9,657	-	347,880
Amortization	-	3,770	1,693	114	103	-	5,680
Balance, April 30, 2021	-	125,067	209,988	8,745	9,760	-	353,560
Amortization	-	3,393	5,154	91	72	26,383	35,093
Balance, April 30, 2022	-	128,460	215,142	8,836	9,832	26,383	388,653
Net Book Value							
As at April 30, 2021	40,000	33,933	25,768	455	240	-	100,396
Balance, April 30, 2022	40,000	30,540	26,614	364	26,168	247,450	371,136

11. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities for the Company are as follows:

	30-Apr-22	30-Apr-21
	$	$
Trade payables	10,981	56,633
Trade payables – SRO&G	141,288	-
Accrued liabilities	167,142	166,718
Total	**319,411**	**222,351**

12. CEBA loan

The Company received a $60,000 interest free loan due December 31, 2023 supported by the Government of Canada through the Canada Emergency Business Account (CEBA) program. For qualifying entities, the loan is unsecured and non-interest bearing up until December 31, 2023 and will then bear interest of 5% up to December 31, 2025 at which point the balance is due in full. The Company did not qualify for the CEBA loan and therefore the loan is due on demand.

(Expressed in Canadian Dollars)

13. Reclamation liability

During the year ended April 30, 2022 the Company assumed a reclamation liability of $213,833 as part of the acquisition of the oil and gas assets in Saskatchewan. The reclamation liability is estimated based on the Company's net ownership interest in the oil and gas assets, estimated costs to abandon and reclaim the facilities, and the estimated timing of costs to be incurred in future periods. It is estimated that the oil and gas assets have an estimated useful life of 10 years and a 10% discount rate was used in calculating the net present value of the reclamation liability. Accretion expense of $18,981 was recorded during the year ended April 30, 2022 resulting in a $232,814 liability as of April 30, 2022.

14. Income taxes

The provision for income taxes differs from the amounts computed by applying the cumulative Canadian federal and provincial tax rates to the loss before tax provision due to the following:

	2022	**2021**
Net income (loss) before provision for income taxes	$ (12,291,467)	$ 23,143,725
Income tax rate	26.75%	26.5%
Expected income taxes	(3,288,000)	6,133,100
Renunciation of flow through share expenditures	262,600	168,200
Change in deferred premium on flow through shares	(98,181)	(63,465)
Difference between amortization and CCA	(3,200)	(2,300)
Resource pool deductions	(120,900)	(1,075,600)
Stock based compensation	-	9,200
Share issue costs	(5,200)	6,500
Loss carryforwards	(401,300)	792,900
Marketable securities	1,705,800	(2,999,200)
Change in recognition of deferred income tax assets	205,500	(1,492,400)
Writedown of exploration and evaluation assets	163,200	-
Other	(52,400)	-
Deferred income tax expense (recovery)	(1,632,081)	1,476,935

(Expressed in Canadian Dollars)

14. Income taxes (continued)

The following summarizes the deferred income tax assets (liabilities) of Spruce:

	30-Apr-22 $	30-Apr-21 $
Exploration and evaluation assets	264,000	227,200
Non-capital losses	1,235,800	1,761,700
Share issue costs	20,700	25,900
Property and equipment	5,700	10,900
Marketable securities	(1,458,700)	(3,578,300)
Other	-	18,700
Valuation allowance	(67,500)	-
Deferred income tax liability	-	**(1,533,900)**

The following summarizes the deferred income tax assets (liabilities) of SRO&G:

	30-Apr-22 $	30-Apr-21 $
Property and equipment	(55,700)	-
Reclamation liability	62,900	-
Non-capital losses	130,800	-
Valuation allowance	(138,000)	-
Deferred income tax liability	-	-

As at April 30, 2022, Spruce has non-capital losses of $4,663,334 (April 30, 2021 - $6,647,958) available for deduction against future taxable income, which will expire as follows:

	30-Apr-22
	$
2041	2,992,072
2039	583,984
2038	233,291
2037	150,695
2036	313,854
2035	94,818
2034	294,620
	4,663,334

As at April 30, 2002 SRO&G has non-capital losses of $484,467 that will expire in 2042.

Deferred income tax assets for both Spruce and SRO&G balances has not been recorded as it is uncertain as to whether or not the benefits will be realized.

(Expressed in Canadian Dollars)

15. Shareholders' equity

(a) Share capital

There is an unlimited common shares without par value. As at April 30, 2022 180,207,202 (2021 – 154,814,764) common shares have been issued.

On December 31, 2020, the Company completed a private placement for total proceeds of $610,000 consisting of 4,357,142 flow-through shares at a price of $0.14 per share. The Company issued 263,000 broker warrants exercisable at $0.14 for 24 months from the date of issue.

On January 19, 2021, the Company completed a private placement for total proceeds of $1,006,460 consisting of 7,189,000 flow-through shares at a price of $0.14 per share. The Company issued 286,960 broker warrants exercisable at $0.14 for 24 months from the date of issue.

(b) Warrants

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Broker compensation units entitle the holders thereof the right to purchase one common share and one common share purchase warrant for each unit. During the year ended April 30, 2022, 227,470 Broker Compensation warrants were issued as a result of unit options being exercised and the warrants were immediately exercised.

Warrants transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price $
Balance, as at April 30, 2020	**51,607,500**	0.07
Broker Compensation warrants issued	549,960	0.14
Warrants exercised	(6,500,000)	0.10
Warrants exercised	(21,710,000)	0.05
Warrants expired	(482,500)	0.05
Balance, as at April 30, 2021	**23,464,960**	0.07
Warrants exercised	(8,500,000)	0.10
Warrants exercised	(13,600,000)	0.05
Warrants expired	(175,000)	0.05
Broker Compensation warrants issued	227,470	0.14
Broker Compensation warrants exercised	(640,000)	0.05
Broker Compensation warrants exercised	(402,440)	0.14
Balance, as at April 30, 2022	**374,990**	0.14

(Expressed in Canadian Dollars)

15. Shareholders' equity (continued)

(b) warrants (continued)

Number of Warrants	Fair value at grant date	Exercise Price $	Expiry date
263,000	$10,479	0.14	31-Dec-23
111,990	25,250	0.14	19-Jan-23
374,990	**$35,729**		

(c) Stock options

A summary of the status of outstanding stock options as of April 30, 2022 is presented below.

	Stock Options	Weighted Average Exercise Price
Balance, April 30, 2020	3,500,000	$0.05
Options exercised	(1,900,000)	$0.05
Balance, April 30, 2021	1,600,000	$0.05
Options exercised	(250,000)	$0.05
Balance, as at April 30, 2022	1,350,000	$0.05

16. Related party transactions

No director fees have been paid to directors.

During the year ended April 30, 2022, $180,000 (April 30, 2021 - $340,000) of expenses were incurred to a company controlled by the former President of the Company for management and accounting services.

During the year ended April 30, 2022, $66,718 (April 30, 2021 - $140,092) of expenses were incurred to the former Vice President of Exploration for geological services, with $52,156 (April 30, 2021 - $73,538) remaining in accounts payable and accrued liabilities.

An advance of $416,185 to a former officer and director previously classified as prepaid expenses as at April 30, 2021 has been reclassified to miscellaneous receivable.

17. Commitments

In connection with the flow-through share financings in December 2020 and January 2021, the Company was committed to incur qualifying Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) of a total of $610,000 by December 31, 2021 and $1,006,460 by December 31, 2022. The Company incurred the qualifying exploration expenditures. Had the Company not incurred the required qualifying expenditures, the Company would have been required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures.

18. Capital and financial risk management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of the CEBA loan and shareholders' equity comprised of issued share capital and warrants.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2021.

Fair Value

The carrying values for primary financial instruments, including cash, accounts receivable, miscellaneous receivable, security deposits, accounts payable and accrued liabilities and CEBA loan approximate fair values due to their short-term maturities. The Company's exposure to potential loss from financial instruments relates primarily to its cash held with Canadian financial institutions.

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a 'fair value hierarchy' which has the following levels:

i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
ii) Level 2: valuation techniques using 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
iii) Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's marketable securities are considered Level 1.

There have been no major or significant changes that have had an impact on the overall risk assessment of the Company during the year. The objectives and strategy for the exploration and evaluation asset portfolio remains unchanged.

The Company's exploration and development activities expose it to the following financial risks:

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

18. Capital and financial risk management (continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign currency exchange rates, commodity prices, interest rates and liquidity. A discussion of the Company's primary market risk exposures, and how those exposures are currently managed, follows:

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has historically had insignificant operations in United States ("US") dollars. The Company has no US dollar hedging program due to its minimal exposure to financial gain or loss as a result of foreign exchange movements against the Canadian dollar.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. The Company is exposed to price risk with the marketable securities held in publicly-traded companies. The Company's marketable securities are subject to risks associated with fluctuations in the market price of the marketable securities.

Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

19. Restated comparative information

During the year ended April 30, 2022, management noted that deferred income taxes were incorrectly calculated during the year ended April 30, 2021. As a result, a prior period adjustment has been made to these consolidated financial statements. The error resulted in a deferred income tax liability of $1,533,900 not being recorded as at April 30, 2021 and the following amounts as at and for the year ended April 30, 2021 were adjusted as follows:

(Expressed in Canadian Dollars)

19. Restated comparative information (continued)

		As previously reported		Adjustment		Restated
Deferred income taxes (liability)	$	nil	$	1,533,900	$	1,533,900
Deferred income tax expense (recovery)	$	(63,465)	$	1,533,900	$	1,470,435
Retained earnings	$	18,995,812	$	(1,533,900)	$	17,461,912

20. Subsequent events

On August 17, 2022 the Department of Industry, Energy and Technology, Mineral Lands Division, of the Government of Newfoundland and Labrador cancelled the Company's mineral licenses 006683M, 027013M and 009881M for failure of the Company to submit its assessment report filings. In February 2023, the claims were reinstated. The Company has since renewed the mineral licenses for a period of 24 months and has filed sufficient assessment work to keep the licenses in good standing.

On September 2, 2022, a cease trade order was issued by the Ontario Securities Commission due to delays in filing the audited financial statements, CEO and CFO certifications, and management discussion and analysis for the year ended April 30, 2022 by the filing deadline of August 29, 2022. The cease trade order prohibits all trading in the Company’s shares until all filing requirements are completed.

On December 5, 2022, the Company sold its oil & gas assets to Original Oil Inc. for $500,000 with $25,000 to be paid on closing and the balance to be paid by way of a 5% royalty on production which will be terminated once $475,000 has been repaid.