MILLENNIAL PRECIOUS METALS

(formerly 1246768 B.C. Ltd)

Consolidated Financial Statements

(Expressed in Canadian Dollars)

As at and for the years ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Millennial Precious Metal Corp. (formerly 1246768 B.C. Ltd.):

Opinion

We have audited the consolidated financial statements of Millennial Precious Metal Corp. (formerly 1246768 B.C. Ltd.) (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 changes in shareholders' equity (deficiency) and consolidated statements of cash flows 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.

Basis for Opinion

We conducted our audits 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 audits 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes events and conditions indicating that 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

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 audits 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 audits and remain alert for indications that the other information 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 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 International Financial Reporting Standards, 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 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.

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 John C. Sinclair

Baker Tilly WM LLP

Chartered Professional Accountants, Licensed Public Accountants

April 21, 2022
Toronto, Ontario

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Millennial Precious Metals Corp., ("Millennial" or the Company"), formerly 1246768 B.C. Ltd., are the responsibility of management and the Board of Directors of the Company.

The consolidated financial statements have been prepared by management in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") using accounting policies consistent with IFRSs appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Signed: "Jason Kosec"
Jason Kosec
Chief Executive Officer

Signed: "Andres Tinajero"
Andres Tinajero
Chief Financial Officer

MILLENNIAL PRECIOUS METALS CORP.

(formerly 1246768 B.C. Ltd)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	December 31, 2021	December 31, 2020
Assets		
Current		
Cash and cash equivalents *(Note 6)*	**$ 11,655,878**	$ 8,686,883
HST and other receivables *(Note 7)*	**123,109**	92,219
Prepaid expenses and deposits	**450,766**	294,822
Total Current Assets	**$ 12,229,753**	$ 9,073,924
Reclamation deposits *(Note 8)*	**18,847**	-
Property, plant and equipment *(Note 9)*	**1,021,618**	-
Total Assets	**$ 13,270,218**	$ 9,073,924
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 10 and 18)*	**$ 991,394**	$ 319,207
RSU liability *(Note 14)*	**490,000**	-
Current portion of lease obligation *(Note 11)*	**173,092**	-
Total Current Liabilities	**1,654,486**	319,207
Long term portion of lease obligation *(Note 11)*	**580,798**	-
Provision for site reclamation and closure *(Note 12)*	**119,000**	-
Total Liabilities	**2,354,284**	319,207
Shareholders’ Equity (Deficiency)		
Share Capital *(Note 13)*	**48,535,715**	10,080,208
Reserve for warrants *(Note 13)*	**715,000**	-
Reserve for Share-based Payments *(Note 14)*	**1,300,000**	661,000
Accumulated Deficit	**(39,634,781)**	(1,986,491)
Total Shareholders’ Equity (deficiency)	**10,915,934**	8,754,717
Total Liabilities and Shareholders’ Equity (deficiency)	**$ 13,270,218**	$ 9,073,924

Nature of Operations and Going concern (Note 1)
Commitments and Contingencies (Notes 17 and 19)

Approved on behalf of the Board:

“Jason Kosec” Director

“Terry Harbort” Director

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

MILLENNIAL PRECIOUS METALS CORP.

(formerly 1246768 B.C. Ltd)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended December 31,		**2021**		2020
Expenses				
Exploration and evaluation expenditures (Note 17)	**$**	**30,401,786**	$	261,501
Consulting fees (Note 18)		**1,966,914**		711,353
Share-based payments (Note 14)		**1,789,000**		661,000
Professional fees		**391,239**		214,541
Shareholder information		**612,952**		40,329
Office and general expenses		**581,411**		63,595
Travel expenses		**215,187**		27,599
Depreciation (Note 9)		**86,186**		-
Total expenses	**$**	**(36,044,675)**	$	(1,979,918)
Other income (loss)				
Listing expense (Note 5)		**(1,469,295)**		-
Gain/loss on revaluation of RSU liability		**(220,000)**		-
Gain (loss) on settlement of debt (Note 13)		**59,500**		(4,573)
Interest income		**50,254**		-
Interest on lease		**(24,074)**		-
Loss and comprehensive loss	**$**	**(37,648,290)**	$	(1,984,491)
Loss per share - basic and diluted	**$**	**(0.34)**	$	(0.18)
Weighted average number of shares outstanding		**109,421,683**		10,769,160

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

MILLENNIAL PRECIOUS METALS CORP.

(formerly 1246768 B.C. Ltd)

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Share Capital					
	Number of Shares	**Amount**	**Reserve for share-based payments**	**Reserve for warrants**	**Accumulated Deficit**	**Total**
Balance at December 31, 2019	**10**	**$ 1**	**$ -**	**$ -**	**$ (2,000)**	**$ (1,999)**
Shares issued for cash (Note 13)	53,851,765	9,785,530	-	-	-	9,785,530
Shares issued for settlement of debt (Note 13)	1,883,333	565,000	-	-	-	565,000
Share issue costs (Note 13)	-	(270,323)	-	-	-	(270,323)
Share-based payments (Note 13)	-	-	661,000	-	-	661,000
Loss and comprehensive loss for the year	-	-	-	-	(1,984,491)	(1,984,491)
Balance at December 31, 2020	**55,735,108**	**$ 10,080,208**	**$ 661,000**	**$ -**	**$ (1,986,491)**	**$ 8,754,717**
Shares issued for cash (Note 13)	**48,000,000**	**24,000,000**	**-**	**-**	**-**	**24,000,000**
Share issue costs (Note 13)	**-**	**(2,799,993)**	**-**	**715,000**	**-**	**(2,084,993)**
Shares issued to shareholders of 1246768 B.C. Ltd. (Note 5)	**1,999,999**	**1,000,000**	**-**	**-**	**-**	**1,000,000**
Shares issued for settlement of debt (Note 13)	**350,000**	**115,500**	**-**	**-**	**-**	**115,500**
Shares issued for property acquisitions (Note 5 and 17)	**30,650,000**	**15,260,000**	**-**	**-**	**-**	**15,260,000**
Shares issued on exercise of RSU's	**1,600,000**	**880,000**	**-**	**-**	**-**	**880,000**
Share-based payments (Note 14)	**-**	**-**	**639,000**	**-**	**-**	**639,000**
Loss and comprehensive loss for the year	**-**	**-**	**-**	**-**	**(37,648,290)**	**(37,648,290)**
Balance at December 31, 2021	**138,335,107**	**$ 48,535,715**	**$ 1,300,000**	**$ 715,000**	**$ (39,634,781)**	**$ 10,915,934**

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

MILLENNIAL PRECIOUS METALS CORP.

(formerly 1246768 B.C. Ltd)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended December 31,		**2021**		2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Loss	**$**	**(37,648,290)**	$	(1,984,491)
Adjustments for non-cash items				
Share-based payments		**1,789,000**		661,000
Shares issued for property acquisitions		**15,260,000**		-
Shares issued for services		**-**		560,427
Shares issued for listing costs		**1,000,000**		-
Amortization		**86,186**		-
Loss on revaluation of RSU liability		**220,000**		-
Increase in estimate for closure liability		**119,000**		-
(Gain) loss on settlement of debt		**(59,500)**		4,573
Net change in non-cash working capital :				
HST and other receivables		**(30,890)**		(92,219)
Prepaid expenses		**(155,944)**		(294,822)
Accounts payable and accrued liabilities		**847,187**		317,207
Net cash used in operating activities		**(18,573,251)**		(828,325)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		**(306,809)**		-
Reclamation deposits		**(18,847)**		-
Net cash used in investing activities		**(325,656)**		-
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital		**24,000,000**		9,785,530
Share issue costs		**(2,084,993)**		(270,323)
Repayment of lease obligation		**(47,105)**		-
Net cash provided by financing activities		**21,867,902**		9,515,207
Net increase in cash	**$**	**2,968,995**	$	8,686,882
Cash and cash equivalents at beginning of year		**8,686,883**		1
Cash and cash equivalents at end of year	**$**	**11,655,878**	$	8,686,883

Other non-cash investing and financing activities				
Issuance of shares to settle debt	**$**	**115,500**	$	-
Interest on leases		**24,074**		-

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

1. Nature of operations and going concern

Millennial Precious Metals Corp. ("Millennial" or the "Company") (formerly 1246768 B.C. Ltd) was incorporated under the laws of the Province of Ontario on October 28, 2019. The Company is engaged in exploration and evaluation of mineral properties in Nevada, USA. The head office and registered address of the Company is located at 350 Bay Street, Suite 400, Toronto, Ontario, M5H 2S6.

The common shares of Millennial began trading on the TSX Venture Exchange on May 5, 2021 under the symbol "MPM".

Going Concern

The financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's ability to continue as a going concern is dependent upon attaining profitable operations, and, if required, the ability to raise equity financing to meet expenditure commitments. There is no assurance that these activities will be successful. The combination of these events and conditions set out above represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. However, the Company is managing the business and operations so that it will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the going concern assumptions were not appropriate. The Company had a net loss during the year ended December 31, 2021 of $37,648,290 and an accumulated deficit of $39,634,781.

In addition, the Company began operations after the World Health Organization categorized COVID-19 as a pandemic. Financial markets around the world have been extremely volatile due to events and conditions resulting from this pandemic and as a result, the volatility could also impact the Company's ability to continue its operations as a going concern, and the Company's ability to obtain financing on a go forward basis.

2. Basis of preparation

Statement of compliance

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

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on April 21, 2022.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments when applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2. Basis of preparation (continued)

Basis of presentation and currency

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

The financial statements are presented in Canadian dollars ("CAD"), which is also the functional currency of the Company. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of that transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Recently adopted and applicable accounting standards and policies

Amendments to IAS 16

Amendments to IAS 16, Property, Plant and Equipment—Proceeds before Intended Use Effective on January 1, 2022, the amendments to IAS 16 require that entities are no longer able to deduct the net proceeds from selling any items from an asset's carrying amount before it is capable of operating in the manner intended by management. Instead, the proceeds should be recognised in accordance with applicable standards and in particular applying the measurement requirements of IAS 2 for the cost of those items. The Amendments to IAS 16 may impact the Company's development projects. The Company early adopted the amendment in January 2021. There was no impact to the current period or comparative periods presented as a result of the amendment.

3. Significant accounting policies

(a) The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries: Millennial Silver Nevada Inc., Millennial NV LLC, Millennial Red Canyon LLC, Millennial Arizona LLC, and Millennial Development LLC, companies based in Nevada and Arizona, USA.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in banks and short-term investments that are readily convertible to cash and have a maturity date within 90 days of the purchase date.

3. Significant accounting policies (continued)

(c) Mineral properties

Exploration and evaluation expenditures

Exploration and evaluation expenditures relate to the initial costs incurred on the search for, and evaluation of, potential mineral reserves and resources, including evaluation costs related to target properties not yet acquired. Exploration includes such costs as exploratory drilling, sampling, mapping and other costs involved in searching for ore. Evaluation includes costs incurred to establish the technical and commercial viability of developing mineral properties acquired or identified through exploration. Exploration and evaluation expenditures in relation to each separate area of interest are expensed in net profit or loss. Upon the determination of the technical feasibility and commercial viability of a project, further costs to develop the asset are recognized as mine development expenditures.

(d) Asset retirement obligation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations for environmental rehabilitation in the period in which it is incurred. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is expensed or capitalized to the mining assets along with a corresponding increase in the rehabilitation provision. Discount rates that reflect the time value of money are used to calculate the net present value. The Company's estimates are reviewed at the end of each reporting period for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Accretion expense is charged to profit or loss, while adjustments related to changes in estimated cash flows are recorded as increases or decreases in the carrying value of the asset. The capitalized cost is amortized on the same basis as the related asset. Upon settlement of the liability, a gain or loss is recorded if the actual costs incurred are different from the liability recorded.

(e) Share-based payments

The Company measures share-based payments at fair value and recognizes the expense over the vesting period. The Company uses the Black-Scholes option pricing model to determine the fair value of each stock option on the date of the grant. The value of the stock options is expensed as share-based payments or capitalized to mineral properties and is credited to the share-based payments reserve. The value of the stock options issued to agents in exchange for brokerage services is netted against share capital as share issuance costs and credited to the share-based payments reserve.

In situations where equity instruments are issued to non-employees for goods or services, the transaction is measured at the fair value of the goods or services received by the entity. When the value of the goods or services cannot be reliably estimated, they are measured at the fair value of the share-based payment.

3. Significant accounting policies (continued)

(e) Share-based payments (continued)

At the end of each reporting period, the Company reassesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in profit or loss.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the equity-settled transactions or is otherwise beneficial to the option holder as measured at the date of modification.

(f) Income taxes

The income tax expense for the period comprises current and deferred taxes. Taxes are recognized in the statements of net loss and comprehensive loss, except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Company has established provisions, where appropriate, on the basis of amounts expected to be paid to tax authorities.

Deferred tax is recognized using the liability method, on unused tax losses, unused tax credits, and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and tax laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity; or on different tax entities, but they intend to settle current tax liabilities and current tax assets on a net basis; or, their tax assets and liabilities will be realized simultaneously.

3. Significant accounting policies (continued)

(f) Income taxes (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which unused tax losses, unused tax credits, and the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Income (loss) per share

Basic income (loss) per share is computed by dividing the amount of net income (loss) for the period by the weighted average number of common shares outstanding during the period.

Diluted income (loss) per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted earnings (loss) per share assumes that the deemed proceeds received from the exercise of stock options, agents' options and share purchase warrants would be used to repurchase common shares of the Company at the average market price during the period.

(h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments are initially recorded at fair value, adjusted for directly attributable transaction costs. The Company determines each financial instrument's classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument's classification.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial instruments at initial recognition.

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

3. Significant accounting policies (continued)

(h) Financial instruments (continued)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of loss and comprehensive loss.

3. Significant accounting policies (continued)

(i) Property, plant and equipment

Cost

Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant) borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

The cost of replacing or overhauling a component of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is written off. Costs associated with routine repairs and maintenance of plant and equipment are expensed as incurred.

Depreciation

The carrying amounts of property, plant and equipment are depreciated using the diminishing balance method using the rates below. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (or components) of plant and equipment.

Machinery and Equipment	5 years
Right of use assets	5 years
Vehicles	5 years

Depreciation methods and useful lives are reviewed at each annual reporting date and adjusted as appropriate.

Depreciation is either regarded as part of the cost of inventory or expensed through the statement of loss and comprehensive loss.

Disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in profit or loss.

3. Significant accounting policies (continued)

(j) Right of use asset and lease liabilities

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in substance fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for plant and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to consolidated statements of loss and comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. On the consolidated statements of financial position, right-of-use assets and lease liabilities are reported in property, plant and equipment and lease obligation, respectively.

3. Significant accounting policies (continued)

(k) Provisions

Provisions are liabilities that are uncertain in timing or amount. The Company records a provision when:

(i) It has a present obligation arising as a result of a past event;

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation

Provisions are reviewed at the end of each reporting period and adjusted to reflect management's current best estimate of the expense required to settle the present obligation. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

(l) Currency

(a) Presentation Currency

The Company's presentation currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar, and the functional currency of its subsidiaries is the US dollar.

(b) Foreign Currency Translation

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign currency translation gains and losses are presented in the statements of loss and comprehensive loss in the period in which they occur. The Company translates the financial statements of any subsidiaries with a different functional currency than the parent company as follows: items in the statement of loss and comprehensive loss are translated into the presentation currency using the average exchange rate for the year. Assets and liabilities are translated at the year-end rate. All resulting exchange differences are reported as a separate component of other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in accumulated other comprehensive income, shall be reclassified from equity to consolidated statements of loss and comprehensive loss when the gain or loss on disposal is recognized.

4. Critical accounting judgments and estimates

IFRS requires management to make estimates and judgments that affect the amounts reported in the financial statements. By their nature, these estimates and judgments are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements include:

- Applicability of the going concern assumption (Note 1)
- Determination of functional currency

Critical accounting estimates include:

- Share-based payments (Note 13 and 17)
- Useful life of property, plant and equipment

5. Reverse takeover transaction

On April 28, 2021, the Company completed the previously announced series of transactions with 1246768 B.C. Ltd., and Clover Nevada LLC ("Waterton"), including the reverse take-over and acquisition ("Acquisition") by 124678 B.C. Ltd., of all of the issued outstanding shares of the Company, resulting in Millennial Precious Metals Corp. indirectly acquiring Waterton's interest in each of the Wildcat Property, the Mountain View Property, the Marr Property, the Ocelot Property, the Eden Property and the Dune Property located in Nevada and also a lease and option to purchase the Red Canyon Property also located in Nevada.

The transactions were effected through an asset purchase agreement dated December 11, 2020 (the "Asset Purchase Agreement") between 1246768 B.C. Ltd, the Company and Waterton and an amalgamation agreement dated December 11, 2020 between the Company and 1246768 B.C. Ltd. (the "Amalgamation Agreement").

Pursuant to the Acquisition, each share of Millennial was exchanged for one share of Millennial Precious Metals Corp. 1246768 B.C. Ltd consolidated its share capital on a 1.5:1 basis prior to closing of the transaction so that the holders of 1246768 B.C. Ltd shares received 1,999,999 shares of the resulting issuer following completion of the Acquisition.

In accordance with IFRS 3, Business Combinations (“IFRS 3”), the substance of the transaction was a reverse takeover (“RTO”) of a non-operating company. The transaction does not constitute a business combination since 1246768 B.C. Ltd does not meet the definition of a business under IFRS 3. As a result, the transaction is accounted for as an asset acquisition with Millennial being identified as the acquirer (legal subsidiary) and 1246768 B.C. Ltd being treated as the accounting subsidiary (legal parent) with the transaction being measured at the fair value of the equity consideration issued to 1246768 B.C. Ltd.

(Expressed in Canadian dollars)

5. Reverse takeover transaction

The consideration received was the fair value of the net liabilities of 1246768 B.C. Ltd, which on April 28, 2021 was $160,929. The amount was calculated as follows:

	Total
	$
Accounts receivable	8,076
Accounts payable and liabilities	(169,005)
Net liabilities assumed	(160,929)
Fair value of 1,999,999 shares issued	1,000,000
Fair value of consideration paid in excess of net assets acquired	1,160,929
Transaction costs related to acquisition	308,366
Listing expense	**1,469,295**

The fair value of the 1,999,999 shares issued were valued at the price of the concurrent financing of $0.50.

6. Cash and cash equivalents

The balance at December 31, 2021 consists of cash on deposit with major Canadian banks in interest bearing accounts totaling $2,932,802 (December 31, 2020 - $8,646,882), guaranteed investment certificates with major Canadian banks of $8,723,075 (December 31, 2020 - $40,000) and cash on hand of $1 (December 31, 2020 - $1) for total cash of $11,655,878 (December 31, 2020 - $8,686,883).

7. HST and other receivables

	December 31, 2021	**December 31, 2020**
HST receivable	**$ 121,435**	$ 92,219
Other	**1,674**	-
Total HST and other receivables	**$ 123,109**	$ 92,219

At December 31, 2021, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 14. The Company holds no collateral for any receivable amounts outstanding as at December 31, 2021 and 2020.

8. Reclamation Deposits

The Company is required to make reclamation deposits in respect of its expected site reclamation and closure obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. At December 31, 2021, the surety amounted to $250,000 and the Company has placed $18,847 in cash (December 31, 2020 - $nil), on deposit to cover estimated future costs related to ground disturbance with the Bureau of Land Management.

(Expressed in Canadian dollars)

9. Property, Plant and Equipment

	Machinery and Equipment $	Vehicles $	Right-of-Use Asset $	Total $
Balance at December 31, 2019 and 2020	-	-	-	-
Additions	150,923	155,886	800,995	1,107,804
Balance at December 31, 2021	150,923	155,886	800,995	1,107,804
ACCUMULATED DEPRECIATION				
Balance at December 31, 2019 and 2020	-	-	-	-
Additions	11,389	10,392	64,405	86,186
Balance at December 31, 2021	11,389	10,392	64,405	86,186
NET BOOK VALUE				
At December 31, 2019 and 2020	-	-	-	-
At December 31, 2021	**139,534**	**145,494**	**736,590**	**1,021,618**

10. Accounts payable and accrued liabilities

Accounts payable of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The amounts are unsecured.

Accounts payable and accrued liabilities consist of the following:

	December 31, 2021	December 31, 2020
Accounts payable	**$ 875,394**	$ 285,040
Accrued liabilities	**116,000**	34,167
Total accounts payable and accrued liabilities	**$ 991,394**	$ 319,207

(Expressed in Canadian dollars)

11. Leases Obligation

The Company has entered into commercial leases expiring in 2026, with an implied interest rate of 8% per annum. The Company's obligations under finance leases are secured by the lessor's title to the leased assets.

The contractual maturities and interest charges in respect of the Company's finance lease obligations are as follows:

	December 31, 2021	December 31, 2020
Not later than one year	**$ 227,165**	$ -
Later than one year and not later than five years	**667,739**	-
Less: Future interest charges	**(141,014)**	-
Present value of lease payments	**753,890**	-
Less: current portion	**(173,092)**	-
Non-current portion	**$ 580,798**	$ -

Reconciliation of debt arising from lease liabilities:

	December 31, 2021	December 31, 2020
Lease liability at beginning of year	**$ -**	$ -
Additions to lease liabilities	**800,995**	-
Principal payments on lease liabilities	**(47,105)**	-
	$ 753,890	$ -

The Company incurred interest expense in the amount of $24,074 (2020 - $nil) related to leases.

12. Provision for site reclamation and closure

State laws and regulations concerning environmental protection affect the Company's exploration and operations. Under current regulations, the Company is required to meet performance standards to minimize the environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements.

The breakdown of the provision for site reclamation and closure is as per below:

	December 31, 2021			
	Mountain View	Wild Cat	Red Canyon	Total
Balance, beginnning of year	$ -	$ -	$ -	$ -
Change in estimate	41,000	41,000	37,000	119,000
Balance, end of year	$ 41,000	$ 41,000	$ 37,000	$ 119,000

(Expressed in Canadian dollars)

12. Provision for site reclamation and closure

The present value of the obligation for Mountain View, Wild Cat and Red Canyon of $119,000 (December 31, 2020 – $nil) is based on an undiscounted obligation of $139,000, estimated to be incurred commencing 2031. The provision was calculated using a weighted average risk-free interest rate of 1.52% (December 31, 2020 – nil%) and a weighted average inflation rate of 4.7% (December 31, 2020 – nil%).

13. Share capital

a) Authorized: An unlimited number of common shares with no par value

b) Issued and outstanding:

	Number of Shares	Amount $
Balance – December 31, 2019	**10**	**1**
Issued for cash pursuant to private placement of 6,000,000 shares	6,000,000	300,000
Issued for cash pursuant to private placement of 9,450,000 shares	9,450,000	945,000
Issued for cash pursuant to private placement of 14,900,000 shares	14,900,000	1,490,000
Issued for cash pursuant to private placement of 23,501,765 shares	23,501,765	7,050,530
Issued for settlement of debt	1,883,333	565,000
Share issue costs	-	(270,323)
Balance – December 31, 2020	**55,735,108**	**10,080,208**
Issued for cash pursuant to private placement of 48,000,000 shares	48,000,000	24,000,000
Shares issued to shareholders of 1246768 B.C. Ltd. (Note 5)	1,999,999	1,000,000
Share issue costs	-	(2,084,993)
Broker warrants issued as share issuance costs	-	(715,000)
Issued for debt settlement	350,000	115,500
Issued for property acquisitions (Note 17)	30,650,000	15,260,000
Issued on exercise of RSU’s	1,600,000	880,000
Balance – December 31, 2021	**138,335,107**	**48,535,715**

During the year ended December 31, 2021

Settlement of debt:

On September 22, 2021, the Company issued 350,000 common shares at a fair value of $115,500 ($0.33 per share) to settle outstanding fees owed totaling $175,000. The Company recorded a gain of $59,500 on the settlement of this debt.

(Expressed in Canadian dollars)

13. Share capital (continued)

Subscription Receipts:

On February 11, 2021, the Company completed a financing of 48,000,000 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $24,000,000.

The subscription receipts financing was closed on February 11, 2021, and the net cash proceeds from the sale of the subscription receipts were held by an escrow agent, in a restricted account, until closing of the Acquisition on April 28, 2021 at which point each subscription receipt was converted into one common share.

The brokered financing includes 6% of broker commission, excluding proceeds falling under the Presidents List at 3% commission, as well as 6% broker warrants. Each broker warrant entitles the holder to acquire a common share of the Company at a price of $0.50 for a period of 24 months from April 28, 2021.

The fair value of the 2,741,310 broker warrants granted amounting to $715,000 was calculated using the Black-Scholes model with the following assumptions:

		April 28, 2021
Number of warrants issued		2,741,310
Grant date share price	$	0.50
Exercise price	$	0.50
Expected volatility		100%
Expected option life		2 years
Expected dividend yield		0%
Risk-free interest rate		0.30%

The Company incurred cash commission and other closing costs totaling $2,084,993.

Property Acquisitions:
On April 28, 2021, the Company issued 26,942,000 shares with a value of $13,471,000 in connection with the purchase of the Waterton's interest in the Mountain View, Wildcat, Marr, Ocelot, Eden and Dune properties located in Nevada ("the Nevada Properties"), as well as 3,708,000 shares with a value of $1,789,000 in connection with the purchase of Red Canyon Property. See note 17 for details.

During the year ended December 31, 2020

Financings:
On September 15, 2020, September 18, 2020 and September 25, 2020, the Company completed a private placement financing of common shares and issued 6,000,000 common shares at an issue price of $0.05 per common share for gross proceeds of $300,000.

On September 29, 2020, the Company completed a private placement financing of common shares and issued 9,450,000 common shares at an issue price of $0.10 per common share for gross proceeds of $945,000.

(Expressed in Canadian dollars)

13. Share capital (continued)

On October 1, 2020, October 7, 2020, and October 28, 2020 the Company completed a private placement financing of common shares and issued 14,900,000 common shares at an issue price of $0.10 per common share for gross proceeds of $1,490,000.

On November 20, 2020, the Company completed a private placement financing of common shares and issued 23,501,765 common shares at an issue price of $0.30 per common share for gross proceeds of $7,050,530.

The Company incurred commission costs of $235,000 and other costs of $35,323 on the November 20, 2020 financing for total cost of issuance of $270,323.

Settlement of debt

On November 17, 2020, the Company issued 1,883,333 common shares at a fair value of $565,000 ($0.30 per share) to officers, directors and consultants of the Company as settlement for outstanding fees owed totaling $560,427. The Company recorded a loss of $4,573 on the settlement of this debt.

Diluted Weighted Average Number of Shares Outstanding

	December 31, 2021	December 31, 2020
Basic weighted average shares outstanding:	**109,421,683**	10,769,160
Dilutive effect of outstanding securities	**-**	-
Diluted weighted average shares outstanding	**109,421,683**	10,769,160

During the year ended December 31, 2021 and 2020, the Company had a net loss, as such, the diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

Reserve for warrants:

The following table summarizes information about warrant reserve:

Balance, December 31, 2019 and 2020	$	-
Broker warrants issued on private placement		715,000
Balance, December 31, 2021	**$**	**715,000**

The following broker warrants were outstanding as at December 31, 2021:

Number of warrants outstanding	Grant date	Expiry Date		Exercise price
2,741,310	April 28, 2021	April 28, 2023	$	0.50

(Expressed in Canadian dollars)

14. Reserve for share-based payments

Performance warrants

A summary of performance warrants issued and outstanding is as follows:

	December 31, 2021		December 31, 2020	
	Weighted Average Exercise Price	**Number of Performance Warrants**	Weighted Average Exercise Price	Number of Performance Warrants
Outstanding at beginning of period/year	**$ 0.30**	**1,600,000**	$ -	-
Transactions during the period/year:				
Granted	**-**	**-**	0.30	1,600,000
Cancelled	**0.30**	**(1,600,000)**	-	-
Outstanding at end of period/year	**-**	**-**	0.30	1,600,000
Exercisable at end of period/year	**$ -**	**-**	$ 0.30	1,600,000

On October 29, 2020, the Company granted a total of 1,600,000 performance warrants to executives of the Company. The performance warrants were exercisable at a price of $0.30 per share and were to expire after a period of 24 months commencing on the date the common shares are listed on a recognized stock exchange.

The warrants were cancelled on March 12, 2021.

These performance warrants had an estimated fair value of $275,000 at grant date calculated using the following assumptions:

	October 29, 2020
Number of performance warrants issued	1,600,000
Grant date share price	$ 0.30
Exercise price	$ 0.30
Expected volatility	100%
Expected option life	2.5 years
Expected dividend yield	0%
Risk-free interest rate	0.23%

Volatility was based on average historical volatility of comparable publicly traded companies. The expected life was determined by estimating the date that the Company expects to have its common shares listed on a recognized stock exchange. The grant date share price was estimated based on the price value of the November 2020 private placement (Note 13). Changes in the underlying assumptions could materially affect the fair value estimates. The warrants vested immediately on the grant date.

(Expressed in Canadian dollars)

14. Reserve for share-based payments (continued)

Restricted Share Units

The Restricted Share Unit Plan (RSU Plan) provides for the grant of restricted share units (each, an "**RSU**") convertible into a maximum number of common shares equal to ten percent (10%) of the number of common shares then issued and outstanding, provided, however, the number of common shares reserved for issuance from treasury under the RSU Plan and pursuant to all other security-based compensation arrangements of the Company shall, in the aggregate, not exceed ten percent (10%) of the number of common shares then issued and outstanding. Any common shares subject to a RSU which has been cancelled or terminated in accordance with the terms of the RSU Plan without settlement will again be available under the RSU Plan. When vested, each RSU entitles the holder to receive, subject to adjustments as provided for in the RSU Plan, one common Share or payment in cash for the equivalent thereof based on the volume weighted average trading price of the common shares on the five trading days immediately preceding the redemption date. The terms and conditions of vesting (if applicable) of each grant are determined by the Board at the time of the grant, subject to the terms of the RSU Plan. RSU awards may, but need not, be subject to performance incentives to reward attainment of annual or long-term performance goals. Any such performance incentives or long term performance goals are subject to determination by the Board and specified in the award agreement.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSUs. The fair value of RSUs issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted. The fair value is expensed over the vesting term. Upon redemption of the RSU the carrying amount is recorded as an increase in common share capital and a reduction in the liability.

The following table summarizes changes in the number of RSUs outstanding:

	Number of RSU's	**Weighted average fair value**
Balance, December 31, 2019 and 2020	-	$ -
Issued	3,603,000	$ 0.50
Exercised	(1,600,000)	$ 0.50
Cancelled	(75,000)	$ 0.50
Balance, December 31, 2021	1,928,000	$ 0.50

RSU liability:

As at December 31, 2021 a liability of $490,000 (December 31, 2020 - $nil) has been recorded for RSUs. Out of the issuances during the year, 1,600,000 RSU's vested immediately on the grant date and 2,003,000 RSU vest in tranches of 1/3 over 3 years.

Share based payment expense related to the vested portion amounted to $1,150,000.

(Expressed in Canadian dollars)

14. Reserve for share-based payments (continued)

Stock Options

The Board of Directors of the Company adopted a stock option plan (the "Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 10% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with regulatory policies.

The terms of any options granted under the Plan are fixed by the Board of Directors and may not exceed a term of five years. The exercise price of the options granted under the Plan is set at the last closing price of the Company's common shares before the date of grant or in accordance with regulatory requirements.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following options were outstanding as at December 31, 2021:

Number of options outstanding	Number of exercisable options	Grant date	Expiry Date		Exercise price	Fair value vested
2,250,000	2,250,000	October 29, 2020	April 28, 2023	$	0.30	$386,000
3,139,500	784,875	May 28, 2021	May 28, 2026	$	0.50	$639,000
5,389,500	**3,034,875**					**$1,025,000**

The options outstanding as at December 31, 2021 had a weighted exercise price of $0.42 (December 31, 2020: $0.30) and a weighted average remaining contractual life of 3.13 years (December 31, 2020: 2.33 years).

Options issued during 2020 vested on their date of issue and expire 24 months after going public transaction, or 90 days after the resignation of the director, officer, employee or consultant.

Options issued during 2021 vest ¼ immediately and ¼ over 3 years and expire 5 years from issuance, or 90 days after the resignation of the director, officer, employee or consultant.

Fair Value of Share Options Granted in the year ended December 31, 2021:

On May 28, 2021, 3,477,000 options were granted to directors, officers and consultants of the Company to acquire the Company's common shares at an exercise price of $0.50 for 5 years. These options had an estimated fair value of $1,291,000 at grant date and vest one quarter (1/4) upon grant, and one quarter (1/4) one (1) year after the date of grant, one quarter (1/4) two (2) years after the date of grant and one quarter (1/4) three (3) years after the date of grant.

(Expressed in Canadian dollars)

14. Reserve for share-based payments (continued)

Stock Options (continued)

The fair value of options granted in the year ended December 31, 2021 was calculated using the following assumptions:

		May 28, 2021
Number of options issued		3,477,000
Grant date share price	$	0.50
Exercise price	$	0.50
Expected volatility		100%
Expected option life		5 years
Expected dividend yield		0%
Risk-free interest rate		0.92%

The options were priced using the Black-Scholes option-pricing model as at the date of the grant assuming a 5 year term to maturity with an expected volatility based on comparable companies, an expected dividend yield, and a risk free interest rate, as noted in the table above. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioral considerations. Share based payment expense related to the vested portion amounted to $639,000.

Fair Value of Share Options Granted in the Year Ended December 31, 2020:

On October 29, 2020, 2,250,000 options were granted to directors, officers and consultants of the Company to acquire the Company's common shares at an exercise price of $0.30 until 24 months from a going public transaction. These options had an estimated fair value of $386,000 at grant date.

The fair value of options granted in the year ended December 31, 2020 was calculated using the following assumptions:

		October 29, 2020
Number of options issued		2,250,000
Grant date share price	$	0.30
Exercise price	$	0.30
Expected volatility		100%
Expected option life		2.5 years
Expected dividend yield		0%
Risk-free interest rate		0.23%

(Expressed in Canadian dollars)

14. Reserve for share-based payments (continued)

Stock Options (continued)

The options were priced using the Black-Scholes option-pricing model as at the date of the grant assuming a 2.5 year term to maturity with an expected volatility based on comparable companies, an expected dividend yield, and a risk free interest rate, as noted in the table above. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Movements in Share Options During the Period

The following reconciles the options outstanding for the year ended December 31, 2021 and 2020:

	Number of options	Weighted Average exercise price
Balance, December 31, 2019	-	$ -
Granted	2,250,000	0.30
Balance, December 31, 2020	2,250,000	$ 0.30
Granted	3,477,000	0.50
Cancelled	(337,500)	0.50
Balance, December 31, 2021	5,389,500	$ 0.42

Reserve for share-based payments:

The following table summarizes information about share-based payment reserve:

Balance, December 31, 2019	$ -
Share-based compensation – options	386,000
Share-based compensation – performance warrants	275,000
Balance, December 31, 2020	**$ 661,000**
Share-based compensation – options	639,000
Balance, December 31, 2021	**$ 1,300,000**

(Expressed in Canadian dollars)

15. Financial instruments

Financial assets and financial liabilities as at December 31, 2021 and 2020:

	At fair value through profit of loss	Amortized cost	Other financial liabilities	Total
As at December 31, 2021				
Cash and cash equivalents	$ -	$ 11,655,878	$ -	$ 11,655,878
Accounts payable and accrued liabilities	-	-	991,394	991,394
Lease obligation	-	753,890	-	753,890
RSU Liability	-	-	490,000	490,000
As at December 31, 2020				
Cash and cash equivalents	$ -	$ 8,686,883	$ -	$ 8,686,883
Accounts payable and accrued liabilities	-	-	319,207	319,207

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities and RSU liability approximate fair value due to their short term nature.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous reporting period.

15. Financial instruments (continued)

Credit Risk

The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to this financial instruments is minimal as the funds are deposited in Canadian and United States chartered banks and invested in guaranteed investment certificates ("GICs").

Foreign Exchange Risk

The Company's foreign exchange risk arises primarily with respect to balances denominated in USD. The value of the Company's financial assets and liabilities may be affected unfavourably by fluctuations in currency rates. The Company has not entered into hedging instruments to manage exposure to currency movements at this stage. Movements in the foreign exchange rates are not expected to have a material impact on the consolidated statements of comprehensive loss.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at December 31, 2021, the Company had current assets of $12,229,753 (December 31, 2020 - $9,073,924) to settle current liabilities of $1,654,486 (December 31, 2020 - $319,207). Working capital for the Company as at December 31, 2021 was $10,575,267 (December 31, 2020 - $8,754,717).

16. Capital management

The Company's capital under management includes equity of $10,915,934 at December 31, 2021 (December 31, 2020 - $8,754,717). The Company's objectives when managing capital are to:

(a) safeguard its ability to continue as a going concern,

(b) provide an adequate return to shareholders, and

(c) provide sufficient funding to support on-going exploration and capital development plans.

The Company manages its capital structure and makes adjustments to it to meet the above objectives. The Company monitors capital from time to time using a variety of measures. Monitoring procedures are typically performed as a part of the overall management of the Company's operations. The capital structure of the Company is evaluated by management on an ongoing basis and is adjusted as changes occur in both the economic conditions of the industry in which the Company operates, and the capital markets available to the Company. To maintain or adjust the capital structure, the Company can issue new shares, return shares to shareholders, sell assets, buy back debt or issue new debt and / or any combination thereof.

There were no changes in the Company's approach to capital management during the year ended December 31, 2021. The Company is not subject to any externally imposed capital restrictions.

(Expressed in Canadian dollars)

17. Exploration and evaluation expenditures

The exploration and evaluation expenses for the Company are summarized as follows:

Year ended December 31,		2021		2020
Waterton				
Wild Cat	**$**	**10,742,021**	$	-
Mountain View		**8,097,073**		162,550
Ocelot		**3,381,704**		-
Marr		**2,051,436**		-
Dune		**798,486**		-
Eden		**806,502**		-
Red Canyon				
Red Canyon		**4,216,104**		98,951
Cerro Colorado				
Cerro Colorado		**308,460**		-
Exploration and evaluation expenditures	**$**	**30,401,786**	$	261,501

Waterton Agreement:

- On September 14, 2020, the Company entered into a letter of intent (the "LOI") with Clover Nevada LLC ("Waterton") to enter into a definitive agreement, pursuant to which Millennial will acquire Waterton's interest in the Mountain View, Wildcat, Marr, Ocelot, Eden and Dune properties located in Nevada ("the Nevada Properties").

- Total cash consideration of US$10,000,000 payable as follows:
  - US$5,000,000 due on completion of the acquisitions of the Nevada Properties ("Effective Date") (paid);
  - US$2,500,000 upon the earlier of (A) announcement of a maiden NI 43-101 compliant mineral resource prepared by Millennial at any of the Nevada Properties, and (B) the date that is twelve (12) calendar months following the date that the material approvals for exploration drilling activities on the first of the Nevada Properties to be drilled have been obtained; and
  - US$2,500,000 upon the earlier of (A) completion of a Preliminary Economic Assessment as defined by NI 43-101 at any of the Nevada Properties, and (B) the date that is twenty-four (24) calendar months following the date that the material approvals for exploration drilling activities on the first of the Nevada Properties to be drilled have been obtained.

- Share and warrant consideration as follows:
  - Millennial will issue to Waterton the greater of (i) an amount of common shares of Millennial ("Shares") representing a 19.9% equity interest in the outstanding Shares on a basic basis, post completion of the RTO (issued), and (ii) an amount of Shares representing an indicative value of $9,000,000.

- Issuing to Waterton a 2.0% Net Smelter Royalty "NSR" on production from the Marr, Ocelot, Eden and Dune properties. Millennial shall have an option at any time to buy down one-half of each royalty, thereby reducing the royalty to a 1.0% NSR royalty per property, for US$1,500,000 per property; and a 0.5% NSR royalty on gold production from the Mountain View and Wildcat properties.

17. Exploration and evaluation expenditures (continued)

- The Company is subject to an advance minimum royalty on certain of the Mountain View unpatented lode mining claims at a rate of US$25,000 per year which can be applied towards the purchase price of US$250,000 exercisable at any time prior to or on commencement of commercial production.

Red Canyon Agreement:
On October 30, 2020, the Company entered into a definitive agreement, pursuant to which Red Canyon will lease to Millennial, and grant Millennial the sole and exclusive right to acquire a 100% undivided legal and beneficial interest in, 254 unpatented lode mining claims located in Eureka County, Nevada (the "Red Canyon Property").

Under the terms of the definitive agreement, the Company will have an option to acquire a 100% undivided interest in the Red Canyon Property by completing the following:

- Total advance cash payments of US$275,000 ("Advance Payments") payable as follows:
  - US$25,000 due on signing of a definitive agreement ("Effective Date") (paid);
  - US$25,000 due on or prior to 6 months from the Effective Date (paid);
  - US$50,000 due on or prior to the first anniversary from the Effective Date (paid);
  - US$75,000 due on or prior to the second anniversary from the Effective Date; and
  - US$100,000 due on or prior to the third anniversary from the Effective Date;

- Reimburse US$44,970 due for federal annual mining claim maintenance fee reimbursement (paid);

- On or before the 4th anniversary of the Effective Date, Millennial shall pay Red Canyon US$2,000,000 less aggregate amount of Advance Payments paid by Millennial.
- Issuing common shares to Red Canyon as follows:
  - On or prior to the completion of Millennial's going public transaction by way of reverse take-over ("RTO"), issuing an amount of common shares to ensure Red Canyon owns 2% of the outstanding common shares immediately following completion of the RTO (issued);
  - 1,000,000 common shares on or prior to the first anniversary of the Effective Date (issued);
  - 1,000,000 common shares on or prior to the second anniversary of the Effective Date; and
  - 1,000,000 common shares on or prior to the third anniversary of the Effective Date.
- Spend an aggregate $1,500,000 in exploration expenditures as follows:
  - US$500,000 on or prior to the second anniversary of the Effective Date (incurred);
  - US$500,000 on or prior to the third anniversary of the Effective Date; and
  - US$500,000 on or prior to the fourth anniversary of the Effective Date.
- Issuing to Red Canyon a 2% net smelter return royalty ("NSR") subject to the Company retaining an option to acquire 1% of the NSR for a cash payment of US$1,500,000 for a period of two years following the royalty grant.

17. Exploration and evaluation expenditures (continued)

Cerro Colorado Agreement:
August 23, 2021, The Company entered into a definitive agreement with Tri Minerals Holding Corp ("Tri Minerals"), to grant Millennial the sole and exclusive right to acquire from Tri Minerals a 100% undivided legal and beneficial interest in and to the Silver Hill, Mina del Tajo-west, La Colorada, Nuevo Colorado, Waterman, and Cyanide projects situated in the Cerro Colorado Mining District in Arizona.

Pursuant to the terms of the agreement, Tri Minerals will lease the Properties to Millennial (the "Lease") for a period of up to four (4) years and grant Millennial the sole and exclusive right to acquire a 100% undivided legal and beneficial interest in and to the Properties, free and clear of all charges, encumbrances and claims (the "Option"), subject to the following terms and conditions:

- US$25,000 on the date that this LOI is executed by the Parties (the "initial Payment"). The date that the Definitive Agreement is executed shall be the ("Effective Date") (Paid)
- US$25,000 on or prior to the earlier of (i) the date that initial operations permits are received in respect of any of the Properties and (ii) the date that is six months after the Effective Date (the "Subsequent Payment"),
- US$50,000 on or prior to the 1st anniversary of the Effective Date (the "First Anniversary Payment'); and
- US$200,000 on or before the 2nd anniversary of the Effective Date (the "Second Anniversary Payment').

Lease Extension Payment: On or before the 3rd anniversary of the Effective Date, Millennial may extend the Lease for a period of one (1) year by making a payment of US$200,000 to Tri Minerals (the "Lease Extension Payment").

Option Exercise Payment: On or before the termination of the Lease, but no later than the 4th anniversary of the Effective Date, Millennial may exercise the Option and in such event shall pay Tri Minerals US$2,500,000, less the aggregate amount of Lease Payments paid by Millennial to Tri Minerals

Production Royalty: Following the exercise of the Option and the acquisition by Millennial of a 100% undivided legal and beneficial interest in and to the Properties, Millennial shall grant to Tri Minerals a 1.0% net smelter returns royalty on production from the Properties (the "Royalty"). For a period of five (5) years from the date the Option is executed and the Royalty is granted, Millennial shall have the option to buy back the Royalty for a payment US$1,500,000.

Work Commitment: During the Term and provided all necessary State of Arizona (ASLD), Bureau of Land Management ("BLM") approvals, as appropriate, for exploration activities (including drilling) on the Properties have been obtained, Millennial shall conduct exploration activities in accordance with all permit requirements and the exploration plan set out in Appendix B and shall incur exploration expenditures on the Properties as follows:

- A minimum of US$500,000 in exploration expenditures on or prior to the second anniversary of the Effective Date (the "First Work Commitment");
- A minimum of US$500,000 in exploration expenditures on or prior to the third anniversary of the Effective Date (the "Second Work Commitment"); and
- A minimum of US$500,000 in exploration expenditures on or prior to the fourth anniversary of the Effective Date (the "Third Work Commitment").

(Expressed in Canadian dollars)

18. Related Party Transactions

Compensation of Key Management Personnel of the Company

Key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

The remuneration of directors and other members of key management personnel during the year ended December 31, 2021 and 2020 were as follows:

		December 31, 2021		December 31, 2020
Short term employee benefits, director fees	**$**	**1,235,000**	$	700,511
Share-based payments		**1,540,000**		627,000
	$	**2,775,000**	$	1,327,511

As at December 31, 2021, an amount of $32,000 (December 31, 2020 - $76,000) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

19. Commitments and contingencies

The complex nature of the mining industry, as well as the regulatory environment in which it operates can result in occasional claims, investigatory matters, and legal and tax proceedings that arise from time to time. These matters could subject the Company various uncertainties and may ultimately be resolved with terms unfavorable to the Company. This being the case, certain conditions may exist as of the date the financial statements are issued, which could result in a loss to the Company. In the opinion of management none of these matters are expected to have a material effect on the results of operations, or the financial condition, of the Company. In the event of a change in management's estimate of the future resolution of such matters, the Company will recognize the effects of the change in its financial statements at that time.

(Expressed in Canadian dollars)

20. Income taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the year ended December 31, 2021 and 2020 is as follows:

	2021	2020
Loss before income taxes	**$ (37,648,290)**	$ (1,984,491)
Expected income tax recovery	**(9,977,000)**	(526,000)
Non-deductible expenses and other	**187,000**	121,500
Share issue costs	**(125,000)**	(14,000)
Change in benefit of tax assets not recognized	**9,915,000**	418,500
Deferred income tax expense	**-**	-

The Canadian statutory income tax rate of 26.5% is comprised of the federal income tax rate at approximately 15% and the provincial income tax rate of approximately 11.5%.

The primary differences which give rise to the deferred income tax assets (liability) as at December 31, 2021 and 2020 are as follows:

	2021	2020
Deferred Tax Assets		
Loss carryforwards	**$ 1,769,000**	$ 293,000
Financing expenses	**485,000**	57,000
Exploration and evaluation expenditures	**8,126,000**	69,000
Property, plant and equipment	**23,000**	69,000
	10,403,000	488,000
Less: temporary differences not recognized	**(10,403,000)**	(488,000)
Deferred tax assets not recognized	**-**	-

The Company has Canadian loss carryforwards of approximately $6,675,000 as at December 31, 2021 (December 31, 2020 - $1,106,000). The non-capital losses can be used to offset future taxable income and expire up to 2042.