

**WESTERN ALASKA MINERALS CORP.**  
**(FORMERLY 1246779 B.C. LTD.)**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN UNITED STATES DOLLARS)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Western Alaska Minerals Corp. (formerly 1246779 B.C. Ltd.)

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Western Alaska Minerals Corp. (formerly 1246779 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, changes in shareholders' deficiency and 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 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 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 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 in the financial statements, which indicates that the Company has no source of operating revenue and has incurred losses since inception. As stated in Note 1, the Company's ability to continue as a going concern is dependent on its ability to raise the necessary funds through debt or equity issues, or the sale of assets, on terms which are commercially acceptable to the Company. These matters, 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.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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 James D. Gray.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants**

Vancouver, BC, Canada

March 23, 2022

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***(Expressed in United States Dollars)*

	Notes	December 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 1,904,981	\$ 52,181
GST receivable		7,585	-
Prepays and deposits		14,057	-
		1,926,623	52,181
<b>Non-Current Assets</b>			
Exploration and evaluation properties	4	14,983,643	5,274,721
Investment in joint venture	5	-	3,563,523
<b>TOTAL ASSETS</b>		<b>\$ 16,910,266</b>	<b>\$ 8,890,425</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 346,268	\$ 70,727
Advances from shareholders		-	90,685
Loan payable	8	-	24,300
Promissory note – current portion	9	500,000	-
		846,268	185,712
<b>Non-Current Liabilities</b>			
Promissory note	9	2,700,000	-
<b>TOTAL LIABILITIES</b>		<b>3,546,268</b>	<b>185,712</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	16,301,277	9,187,590
Reserve for options	11	466,686	144,270
Reserve for foreign exchange		(67,439)	-
Accumulated deficit		(3,336,526)	(627,147)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>13,363,998</b>	<b>8,704,713</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 16,910,266</b>	<b>\$ 8,890,425</b>
Nature and continuance of operations	1		
Subsequent events	15		

Approved by the Board of Directors:

“Christopher (Kit) Marrs”  
Director

“Kevin Nishi”  
Director

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)****CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

*(Expressed in United States Dollars)*

	Notes	December 31, 2021	December 31, 2020
<b>EXPENSES</b>			
Bank charges and interest	9	\$ 55,573	\$ 1,671
Consulting fees	7	118,336	-
Exploration		1,757	759
Filing and regulatory fees		1,553	-
Insurance		10,050	13,010
Listing expense	3	1,078,929	-
Marketing expenses		555,455	-
Office and sundry	7	231,152	28,124
Professional fees	3, 7	265,065	36,622
Share-based payments		346,776	-
Travel and promotion		20,420	56,651
		(2,685,066)	(136,837)
<b>OTHER ITEMS</b>			
Foreign exchange loss		(40,412)	-
Gain on forgiveness of loan	8	24,300	-
Share of net loss of joint venture	5	(8,201)	(28,294)
<b>NET LOSS</b>		<b>(2,709,379)</b>	<b>(165,131)</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
Unrealized foreign exchange loss on translation of foreign operations		(67,439)	-
<b>COMPREHENSIVE LOSS</b>		<b>\$ (2,776,818)</b>	<b>\$ (165,131)</b>
<b>LOSS PER SHARE – BASIC AND DILUTED</b>		<b>\$ (0.52)</b>	<b>\$ (67.00)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC AND DILUTED</b>			
		5,199,254	2,453

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

*(Expressed in United States Dollars)*

	Notes	December 31, 2021	December 31, 2020
<b>Cash flows used in operating activities</b>			
Net loss for the year		\$ (2,709,379)	\$ (165,131)
Adjustments for non-cash items:			
Share-based payments	11	346,776	-
Share of net loss of joint venture	5	8,201	28,294
Shares issued for consulting services	11	400,500	-
Gain on forgiveness of loan	8	(24,300)	-
Listing expense	3	1,078,929	-
		(899,273)	(136,837)
<b>Changes in non-cash working capital</b>			
GST receivable		(2,959)	-
Prepays and deposits		(14,057)	-
Accounts payable and accrued liabilities		(2,578)	48,882
Advances from shareholders		(90,685)	-
Loan payable	8	-	24,300
		(1,009,552)	(63,655)
<b>Cash flows used in (from) investing activities</b>			
Cash acquired on RTO	3	5,484	-
Exploration costs incurred	4	(3,237,507)	(89,739)
Advances to Illinois Creek joint venture	5	(66,893)	(911,788)
		(3,298,916)	(1,001,527)
<b>Cash flows from (used in) financing activities</b>			
Issuance of common shares	11	7,092,218	897,000
Share issuance costs	11	(365,511)	(34,615)
Repayment of promissory note	9	(498,000)	-
		6,228,707	862,385
Effect of exchange rate changes on cash		(67,439)	-
Net change in cash for the year		1,852,800	(202,797)
Cash, beginning of year		52,181	254,978
Cash, end of year		\$ 1,904,981	\$ 52,181
<b>Supplementary information – non-cash investing and financing activities:</b>			
• Exploration and evaluation assets in accounts payable		\$ 185,075	\$ 16,875
• Exploration and evaluation assets in shareholders advances		-	90,685
• Shares issued for Illinois Creek acquisition		540,000	-
• Promissory Note issued for Illinois Creek acquisition		3,698,000	-
• Shares issue costs in accounts payable		\$ 51,852	\$ -
Interest paid in cash		\$ 54,303	\$ -

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

*(Expressed in United States Dollars, except number of shares)*

	Shares			Share Option Reserve	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Common	Proportional Voting	Amount				
December 31, 2019	2,402	-	\$ 8,317,665	\$ 151,810	\$ -	\$ (462,016)	\$ 8,007,459
Private placements	129	-	838,500	-	-	-	838,500
Exercise of stock options	13	-	66,040	(7,540)	-	-	58,500
Costs of share issuances	-	-	(34,615)	-	-	-	(34,615)
Comprehensive loss	-	-	-	-	-	(165,131)	(165,131)
December 31, 2020	2,544	-	9,187,590	144,270	-	(627,147)	8,704,713
Private placements	605	-	2,722,500	-	-	-	2,722,500
Exercise of stock options	42	-	213,360	(24,360)	-	-	189,000
Shares issued for consulting services	89	-	400,500	-	-	-	400,500
Shares issued per Stock Purchase Agreement	120	-	540,000	-	-	-	540,000
Shares canceled in wind up of JV operating agreement	(346)	-	(1,557,000)	-	-	-	(1,557,000)
Cancellation of WACG shares	(3,054)	-	-	-	-	-	-
Issuance of WAM common shares for RTO	4,470,000	260,700	-	-	-	-	-
Recapitalization of 1246779 BC Ltd	1,510,314	-	1,030,972	-	-	-	1,030,972
Private placements	6,124,506	-	4,180,718	-	-	-	4,180,718
Costs of share issuance	-	-	(417,363)	-	-	-	(417,363)
Share-based payments	-	-	-	346,776	-	-	346,776
Foreign translation exchange loss	-	-	-	-	(67,439)	-	(67,439)
Comprehensive loss	-	-	-	-	-	(2,709,379)	(2,709,379)
December 31, 2021	12,104,820*	260,700*	\$ 16,301,277	\$ 466,686	\$ (67,439)	\$ (3,336,526)	\$ 13,363,998

\* The proportional voting shares are exchangeable into a total of 26,070,000 common shares, for no additional consideration. See Note 3.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

*(Expressed in United States Dollars)*

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Western Alaska Minerals Corp. (“WAM” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on April 8, 2020 as 1246779 B.C. Ltd. (“779”). The Company is a public company whose common shares are listed for trading on the TSX Venture Exchange (“TSXV”) under the symbol “WAM”. The Company’s registered office is PO Box 881, Talkeetna, Alaska, 99676. As discussed further below, the Company is in the mineral exploration and development business.

**Reverse Takeover**

On November 10, 2021, 779 completed the acquisition of Western Alaska Copper and Gold Company (“WACG”), a private Alaska-based company incorporated on June 15, 2010. WACG is in the business of pursuing and developing property interests that are considered to be sites of potential economic mineralization. The Company acquired all of the issued and outstanding shares of WACG under a share purchase agreement (the “Reverse Takeover Transaction”, the “Transaction” or the “RTO”). In connection to the Transaction, 779 changed its name to Western Alaska Minerals Corp., operating the primary business of WACG.

On the closing of the RTO, WACG became a wholly-owned subsidiary of the Company. As WACG was deemed to be the acquirer and continuing entity for accounting purposes, its assets and liabilities and operations since incorporation on June 15, 2010 are included in the consolidated financial statements at their historical carrying values.

779’s results of operations are included from the closing date, November 10, 2021, and onwards. Refer to the Reverse Acquisition (Note 3) for more details.

**Going Concern**

These consolidated financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has no current source of operating revenue, has incurred a current net loss of \$2,709,379 and has an accumulated operating deficit of \$3,336,526. The Company will require further financing to operate and further develop its business. The Company’s ability to realize its assets and discharge its liabilities is dependent upon it obtaining financing as necessary and ultimately upon its ability to dispose of its mineral property interests on a profitable basis or otherwise achieve profitable operations. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These consolidated financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.



**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
*(Expressed in United States Dollars)*

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**1. NATURE AND CONTINUANCE OF OPERATIONS** (continued)

**COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economics, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

**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 International Financial Reporting Interpretations Committee ("IFRIC"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements were authorized for issue by the Board of Directors on March 23, 2022.

**Basis of Presentation**

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The following subsidiaries have been consolidated from all dates presented within these financial statements:

Subsidiary	Ownership	Location
Western Alaska Copper & Gold Company.	100%	USA
Piek Inc.	100%	USA

All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Basis of Consolidation** (continued)

These consolidated financial statements are presented in United States dollars. The functional currency of each entity in the consolidated group is determined with reference to the currency of the primary economic environment in which that entity operates. Accordingly, the functional currency of entities operating principally in the United States will be the United States dollar, while the functional currency of entities operating principally in Canada will be the Canadian dollar.

**Significant Estimates and Assumptions**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The Company bases its estimates and assumptions on current and various other factors that it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

***Fair Value of Options***

Significant estimates are involved in the determination of the fair value of WACG's share-purchase options as WACG does not have readily available fair value of its common shares which in turn is used to determine the fair value of its share-purchase options.

***Assessment of Impairment Indicators***

The Company assesses at each reporting period whether there is an indication of impairment. Significant judgment is applied in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as i) a significant decline in the market value of the Company's share price; ii) changes in the quantity of the recoverable resources and reserves; and iii) changes in precious metal prices; and iv) changes in inflation, interest and exchange rates, are evaluated in determining whether there are any indicators of impairment.

## **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **Significant Estimates and Assumptions** (Continued)

#### ***Income Taxes***

The assessment of income taxes involved the probability of realizing deferred tax assets, in relation to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessment, management gives additional weight to positive and negative evidence that can be objectively verified.

#### **Significant Judgments**

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The capitalization of expenditures with respect to exploration, evaluation and development costs to be included in mineral rights and properties; and
- The fair value and classification of financial instruments.

#### **Financial Instruments**

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". 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.

#### ***Financial Assets***

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI") or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Financial Instruments** (continued)

***Financial Assets*** (continued)

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.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

***Impairment of Financial Assets***

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s receivables.

An ‘expected credit loss’ impairment model applies which applies a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows; the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

***Financial Liabilities***

Financial liabilities are designated as either (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and loans payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different; in which case a new financial liability based on the modified terms is recognized at fair value.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Interests in joint arrangements**

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which the Company has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which the Company has rights to only the net assets of the arrangement, and where the investment has been made in a separate legal entity.

Joint ventures are accounted for as described below. Joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue, expenses and cash flows of the joint operation in the financial statements.

**Investments in Joint Ventures**

Investments in joint ventures are accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the joint venture's net assets.

The Company's proportionate share of the joint venture's profit or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between the Company's accounting policies and the joint venture's policies before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date of the investment and for any impairment losses recognized by the joint venture.

If the Company's share of the joint venture's losses equals or exceeds the investment in the joint venture, recognition of further losses is discontinued. After the Company's interest is reduced to zero, additional losses will be provided for and a liability recognized only to the extent that the Company has incurred legal or constructive obligations to provide additional funding or make payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

At each statement of financial position date, management considers whether there is objective evidence of impairment in the joint ventures. If there is such evidence, management determines if there is a need to record an impairment in relation to the joint venture.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Exploration and evaluation properties**

The Company is in the exploration stage with respect to its investment in exploration and evaluation properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of its mineral claims and crediting all proceeds received against the cost of related claims. Cost includes any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of exploration and evaluation properties.

At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to exploration and evaluation properties is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. These amounts are reflective of costs incurred and are not intended to represent current or future values.

**Business Combinations**

Acquisitions of businesses, or of assets when the definition of a business is not met, are accounted for using principles applicable to the acquisition method as described in IFRS 3. The consideration of each such combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given up, liabilities incurred or assumed and equity instruments issued by the Company to the former owners of the acquire in exchange for control of the acquired. Acquisition-related costs are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration of the acquisition over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the costs of the acquisition, the excess is recognized in profit or loss immediately. Goodwill may also arise as a result of the requirement under IFRS to record a deferred tax liability on the excess of the fair value of the acquired assets over their correspondence tax bases, with the corresponding offset recorded as goodwill.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Cash**

Cash is comprised of cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company's cash is held with major financial institutions in business accounts, bankers' acceptances and in government treasury bills which are available on demand by the Company for its programs, and are not invested in any asset backed deposits/investments.

**Decommissioning Liabilities**

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site, are recognized and recorded as a liability at fair value at the time when they are incurred or when the event giving rise to such an obligation occurs. The liability is increased (accreted) over time through periodic charges to earnings. The corresponding asset retirement cost is capitalized as part of the asset's carrying value, and is amortized over the asset's estimated useful life. The amount of the liability will be subject to re-measurement at each reporting period.

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its exploration and evaluation activities in compliance with applicable environment protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

**Share-Based Payments**

Share-based payments to officers, directors, and consultants are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of equity instruments granted, as determined using the Black-Scholes Option Pricing Model, is expensed in profit or loss. The corresponding amount is recorded to reserves. The number of equity instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Share-Based Payments** (continued)

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options granted to employees is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in reserves is recorded when stock options vests. When stock options are exercised, share capital is increased by the sum of the consideration paid and the related portion of share-based compensation previously recorded in reserves.

Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value of awards is calculated using the Black-Scholes option pricing model, which considers the following factors:

- Exercise Price
- Expected Life
- Expected Volatility
- Current market price of underlying shares
- Forfeiture Rate
- Risk-Free interest rate
- Dividend yield

**Reserves**

Reserves record items recognized as share-based compensation until such time that the options or compensatory warrants are exercised, at which time the corresponding amount is reallocated to share capital. Amounts recorded for forfeited or expired options or warrants are transferred to deficit.

**Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.



**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Current and Deferred Income Taxes**

***Current Income Tax***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

***Deferred Income Tax***

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**Loss Per Share**

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options are used to repurchase common shares at the average market price during the period.

## **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Foreign Currency Translation**

The functional currency of each entity in the consolidated group is the currency of the primary economic environment in which that entity operates. The foreign currency transactions of each entity are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

Management has assessed the functional currency of both WACG and Piek Inc. to be USD, while the functional currency of the former 977 was, and remains, CAD. The Company's consolidated reporting currency, which is determined on a discretionary basis, is USD. Exchange differences arising on the translation of the former 977's accounts to USD for reporting purposes, including the translation of non-monetary items using period end rates, are reported in Other Comprehensive Income and are maintained on a carry-forward basis within a separate component of equity.

### **Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

### **Recent Accounting Pronouncements**

#### ***IAS 16 "Property, Plant and Equipment"***

In 2020, the IASB issued amendments to IAS 16 "Property, Plant and Equipment" which prohibits the deduction from the cost of an item of property, plant and equipment any proceeds received from the sale of items produced while bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the entity recognizes the proceeds from the sale of such items, and the cost of producing those items in the Statements of Comprehensive Loss. The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted. The amendments will not impact the Company's consolidated financial statements.

#### ***IAS 12 "Income Taxes"***

In May 2021, the IASB issued amendments to IAS 12 "Income Taxes". The amendments to IAS 12 narrow the scope of the initial recognition exemption so that it no longer applies to transactions which give rise to equal amounts of taxable and deductible temporary differences. The Company is to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition for certain transactions, including leases and reclamation provision. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

*(Expressed in United States Dollars)*

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**3. REVERSE ACQUISITION**

On November 10, 2021, pursuant to the Business Combination Agreement (the “Agreement”), 779 and WACG completed a merger whereby 779 acquired all the issued and outstanding WACG common shares, and, as described below, WACG effectively attained a public listing of its common shares via a share exchange.

Pursuant to the Business Combination Agreement:

- 779 consolidated its issued and outstanding capital at a ratio that resulted in 1,510,314 WAM common shares outstanding. The WAM common shares issued in connection with the Transaction were then issued on a post-consolidation basis.
- 779 and WACG completed a three-cornered merger (the “Merger”) whereby a wholly-owned subsidiary of WAM, WACG Acquisition Co. (“Subco”), merged with WACG. Upon completion of the merger, one WACG common share was exchanged for 10,000 WAM common shares for non-US residents and for either (i) 100 WAM proportional shares; or (ii) 1,000 WAM common shares and 90 WAM proportional shares for US residents. An aggregate of 4,470,000 WAM common shares were issued, along with 260,700 WAM proportional shares. Each WAM proportional share is exchangeable into 100 WAM common shares at the option of the holder. The ability to convert WAM proportional shares is subject to a restriction that the aggregate number of WAM common shares and WAM proportional shares held by US residents may not exceed 40% of the aggregate number of WAM common shares and WAM proportional shares issued and outstanding after such conversions.
- At the closing of the Transaction, the shareholders of WACG became, in aggregate, the controlling shareholders of WAM. Accordingly, WACG is considered to have acquired 779 with the transaction being accounted for as a reverse takeover of 779 by WACG.

The acquisition constituted an asset acquisition as 779 did not meet the definition of a business, as defined in IFRS 3, Business Combinations. Additionally, as a result of the RTO, the consolidated statement of financial position has been adjusted for the elimination of 779’s share capital, contributed surplus and accumulated deficit within shareholders’ equity.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
*(Expressed in United States Dollars)*

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**3. REVERSE ACQUISITION** (continued)

As a result of this asset acquisition, a listing expense of \$1,078,929 has been recorded. This reflects the excess of the estimated fair value of WAM common shares issued to the shareholders of 779 less the fair value of the net assets of 779 acquired.

The allocation of consideration transferred is summarized as follows:

Consideration:		
Fair value of shares issued	\$	1,030,972
Total consideration		1,030,972
Fair values of the net assets of 779:		
Cash		5,484
GST receivable		4,626
Accounts payable and accrued liabilities		(44,762)
Other payable		(13,305)
Total net assets		(47,957)
Listing expense	\$	1,078,929

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

*(Expressed in United States Dollars)***4. EXPLORATION AND EVALUATION PROPERTIES**

Schedule of cumulative exploration and evaluation properties costs:

	Round Top Property	Honker Property	Illinois Creek Property	Total
	\$	\$	\$	\$
<b>December 31, 2019</b>	<b>4,830,702</b>	<b>266,450</b>	<b>-</b>	<b>5,097,152</b>
Claim maintenance	90,735	50	-	90,785
Assays	4,336	-	-	4,336
Camp food, supplies & accommodation	221	-	-	221
Camp labor/payroll costs	10,224	-	-	10,224
Consultant's fees	33,750	-	-	33,750
Equipment	10,988	-	-	10,988
Fix wing & fuel	7,600	-	-	7,600
Helicopter & fuel	11,502	-	-	11,502
Other field expenses	8,163	-	-	8,163
<b>December 31, 2020</b>	<b>5,008,221</b>	<b>266,500</b>	<b>-</b>	<b>5,274,721</b>
Acquisition costs (Notes 4 and 5)	-	-	4,930,000	4,930,000
Claim maintenance	72,600	14,750	40,845	128,195
DNR permit fees	2,090	3,050	6,161	11,301
Assays	-	11,958	147,857	159,815
Camp food, supplies & accommodations	-	-	96,410	96,410
Camp labour/payroll costs	-	40,825	535,254	576,079
Consultant fees	-	-	120,927	120,927
Drilling	-	176,038	798,437	974,475
Equipment	11,240	21,170	493,181	525,591
Fixed wing & fuel	-	-	387,457	387,457
Helicopter & fuel	-	69,390	80,634	150,024
Travel	-	-	45,397	45,397
River access	-	-	190,042	190,042
Other field expenses	47	-	39,947	39,994
Reclassification of joint venture exploration costs (Note 5)	-	-	1,373,215*	1,373,215
<b>December 31, 2021</b>	<b>5,094,198</b>	<b>603,681</b>	<b>9,285,764</b>	<b>14,983,643</b>

\* of which \$1,314,523 was incurred prior to 2021.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
*(Expressed in United States Dollars)*

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**4. EXPLORATION AND EVALUATION PROPERTIES** (continued)

**Round Top Property, Alaska**

The Round Top Property consists of 92 state mineral claims, owned 100% by WACG, located in the Mount McKinley and Nulato mining districts of Alaska.

**Honker Property, Alaska**

The Honker Property consists of 24 state mineral claims, owned 100% by WACG, located in the Mount McKinley mining district of Alaska.

**Illinois Creek Mine Project, Alaska**

The Company has had an effective interest in this property since 2018. See Note 5. On March 31, 2021, WACG and one of its shareholders, Joe Piekenbrock, entered into a stock purchase agreement (the “Illinois Creek Agreement”), whereby WACG acquired 100% of the issued and outstanding common shares of an Alaska private company, Piek Incorporated (“Piek”), in exchange for 120 WACG common shares (valued at \$540,000) and \$3,698,000 payable by the issuance of a promissory note. See Note 9.

Piek is the sole owner of 110 state mineral claims, known as the Illinois Creek Project, located in the Mount McKinley mining district of Alaska. An additional 86 claims were staked by WACG in 2021 after the acquisition of Piek.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
*(Expressed in United States Dollars)*

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**5. INVESTMENT IN JOINT VENTURE**

On October 17, 2018, WACG and Joe Piekenbrock (at the time, the sole shareholder of Piek) entered into an Operating Agreement (the “Operating Agreement”) to form the Illinois Creek Joint Venture, LLC (the “JV”). Pursuant to the JV Operating Agreement, WACG issued and contributed to the JV 346 of WACG common shares (valued at \$2,249,000), and Joe Piekenbrock contributed, to the JV, 30% of his outstanding common shares. WACG and Joe Piekenbrock each had a 50% working interest in the JV. The business purpose of the JV was to advance exploration work in respect to the Illinois Creek Mine Project.

On March 31, 2021, WACG and Joe Piekenbrock agreed to wind up the JV and the previously contributed WACG common shares and Piek were returned to each party. WACG retained the tax attributes of the expenditures it funded via the JV.

For accounting and future presentation purposes, WACG reclassified its residual March 31, 2021 balance of Investment in Joint Venture to Exploration and Evaluation Property Interests in the context of maintaining the continuity of its economic interest in the Illinois Creek Mine Project, as described in Note 4.

A summary of the changes in the carrying value of the Company’s investment in joint venture is presented below:

	\$
December 31, 2019	2,680,029
Cash contributions	911,788
Share of net loss of joint venture	(28,294)
December 31, 2020	3,563,523
Cash contributions	66,893
Share of net loss of joint venture	(8,201)
Cancellation of WACG common shares issued under the Operating Agreement	(1,557,000)
Reclassification of share consideration under the Operating Agreement*	(692,000)
Reclassification of joint venture exploration costs	(1,373,215)
March 31, 2021 (date of dissolution of JV)	-

\* \$2,000 per WACG common share was the initial 346 share contribution to the joint venture was in excess of the per share amount applicable to the March 31, 2021 issuance and concurrent cancellation of shares in connection with the acquisition of the Illinois Creek Mine Project. This amount has therefore been included within the acquisition costs applicable to the project.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

*(Expressed in United States Dollars)***5. INVESTMENT IN JOINT VENTURE** (continued)

The following are the expenses of the joint venture for the period from January 1, 2021 up to March 31, 2021 (the date of dissolution of the JV), and January 1, 2020 to December 31, 2020:

	Three Months ended March 31, 2021	Year ended December 31, 2020
	\$	\$
Accounting fees	-	3,170
Bank charges	7	125
Travel expenses	-	15,710
Payroll expenses	5,155	30,136
Miscellaneous expenses	11,240	7,447
Joint venture net loss	16,402	56,588
Net loss allocation:		
WACG	8,201	28,294
Joe Piekenbrock	8,201	28,294
	16,402	56,588

The continuity of the exploration costs incurred by the JV during the first quarter of fiscal 2021, reclassified to exploration and evaluation property interests upon the dissolution of the JV, was as follows:

	Illinois Creek Mine
	\$
December 31, 2020*	1,314,523
Assays	10,537
Camp labour/payroll costs	20,804
Consultants' fees	20,971
Equipment	580
Other field expenses	5,800
March 31, 2021	1,373,215

\* WACG's net investment in the JV at December 31, 2020 comprised this figure plus the estimated fair value of WACG common shares contributed to the JV (\$2,249,000).

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	December 31, 2021	December 31, 2020
	\$	\$
Accounts payable	72,490	70,727
Accrued liabilities	270,999	-
Other payable	2,779	-
	\$ 346,268	\$ 70,727



**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

*(Expressed in United States Dollars)*

**7. RELATED PARTY TRANSACTIONS**

Key management personnel include the Company's Board of Directors and members of senior management. The Company's related parties include key management personnel, and companies related by way of directors or shareholders in common.

**Due to/from Related Parties**

As at December 31, 2021, \$193,750 (2020 - \$61,875) is included in accounts payable and accrued liabilities and \$3,200,000 (2020 - \$nil) in promissory note (Note 9) from amounts owing to related parties.

During the year ended December 31, 2021, the Company received advances of \$50,000 (2020 - \$90,685) from officers and directors of the Company, which are non-interest bearing and have no specific terms of repayment. As at December 31, 2021, the Company repaid \$140,685 to the officers and directors and has no outstanding advance from related parties.

**Key Management Personnel Compensation**

	December 31, 2021		December 31, 2020	
Consulting and professional fees:				
Directors and Officers	\$	330,079	\$	33,750
	\$	330,079	\$	33,750

During the year ended December 31, 2021, the Company had share-based compensation made to directors and management of \$238,360 (2020 - \$nil).

**8. LOAN PAYABLE**

On April 29, 2020, WACG entered into a promissory note (the "Note") for the principal amount of \$24,300. The Note charges interest at 1.0% per annum, and matures two years from the date of first disbursement of the Note. The Note is repayable in 18 monthly instalments of \$1,368, beginning on November 29, 2020. All subsequent monthly instalments are due on the same day of each month thereafter.

The Company may apply for forgiveness of the Note amount in an amount equal to the sum of the following costs incurred by the Company during the eight-week period beginning on the date of the first disbursement of the Note:

- Payroll costs
- Any payment of mortgage of interest on a covered mortgage obligation;
- Any payment on a covered rent obligation; and/or
- Any covered utility payment.

During the year ended December 31, 2021, the Company applied and was granted forgiveness of the Note in its entirety.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
*(Expressed in United States Dollars)*

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## **9. PROMISSORY NOTE**

In accordance with the Illinois Creek Agreement described in Note 4, WACG issued a promissory note of \$3,698,000. The promissory note will accrue interest at 2.0% per annum.

WACG will make payments under the promissory note as follows:

- (i) \$100,000, together with accrued interest, on the earlier of the closing of WACG's financing round to be commenced in April 2021, and the first anniversary of the promissory note (paid during the year ended December 31, 2021);
- (ii) \$398,000, together with the accrued interest, on the earlier of the next private or public financing after the round to be commenced in April 2021, and the first anniversary of the promissory note (also paid during the year ended December 31, 2021);
- (iii) \$500,000 due on the first anniversary of the promissory note and \$1,500,000 is due May 31, 2023; and
- (iv) The outstanding principal balance, together with accrued interest, on the third anniversary of the promissory note.

## **10. SUBSCRIPTION RECEIPTS**

On November 10, 2021, immediately prior to, and contingent upon, the completion of the RTO, WAM completed a non-brokered private placement of subscription receipts at a price of CAD\$0.85 per subscription receipt for gross proceeds of CAD\$5,205,830. The subscription receipts were held in escrow until the closing of the Transaction, upon which the subscription receipts were exchanged on a one-to-one basis for 6,124,506 post-consolidated common shares.

In connection with the subscription receipts, WAM paid \$97,568 (CAD\$121,492) as financing fees and \$167,731 in other share issue costs.

## **11. SHARE CAPITAL**

### **Authorized Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value.

### **Common and Proportionate Shares**

Pursuant to the RTO transaction, each WACG common share held by a U.S. resident shareholder was exchanged for either: (i) a "Merger Unit", comprised of 1,000 WAM common shares ("WAM common shares" or "common shares") and 90 Proportional Shares ("WAM proportional shares" or "proportional shares"); or (ii) 100 Proportional Shares and each WACG common share held by a non-U.S. resident shareholder was exchanged for 10,000 WAM common shares. The Proportional Shares are, in effect, common shares compressed at the ratio of 100:1 which have voting and economic rights on an as-converted basis. The Proportional Shares are convertible to common shares at the request of the shareholder and with the consent of the Company.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
*(Expressed in United States Dollars)*

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**11. SHARE CAPITAL** (continued)

**Issued Share Capital**

On January 8, 2021, WACG issued 12 WACG common shares for gross proceeds of \$54,000 on exercise of stock options. \$6,960 was reclassified from Share Option Reserve to Share Capital.

On March 31, 2021, WACG issued 120 WACG common shares in accordance with the Illinois Creek Agreement described in Note 4. These WACG common shares were valued upon issuance at \$540,000.

Also on March 31, 2021, WACG canceled the previously issued 346 WACG common shares issued in accordance with Operating Agreement described in Note 5.

In April 2021, WACG issued 30 WACG common shares for gross proceeds of \$135,000 on exercise of stock options. \$17,400 was reclassified from Share Option Reserve to Share Capital.

On May 26, 2021, WACG issued, by private placement, an aggregate of 605 WACG common shares for gross proceeds of \$2,722,500, and incurred share issue costs of \$152,064.

Also on May 26, 2021, WACG issued 89 WACG common shares pursuant to an engagement agreement for consulting services. These shares have been valued upon issuance at \$400,500, and have been recognized as a consulting expense in net loss.

Prior to November 10, 2021, 779 consolidated its common shares on a basis of one post-consolidation share for each 2.036 pre-consolidation shares. Prior to the completion of the Transaction, 779 had 1,510,314 post-consolidation common shares outstanding, and the WAM common shares issued in connection with the Transaction were on post-consolidation basis.

On November 10, 2021, pursuant to the Agreement (see Note 3), 4,470,000 common shares and 260,700 proportional voting shares were issued to WACG shareholders and 6,124,506 common shares were issued to WAM subscription receipts holders on completion of the RTO (see Note 10).

**Stock Options**

The Company has a stock option plan under which the Board of Directors may grant options to acquire common shares to the Company to qualified directors, officers, employees, and other service providers. The stock option vests according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum 10 years. The plan allows for the issuance up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

*(Expressed in United States Dollars)***11. SHARE CAPITAL** (continued)**Stock Options** (continued)

The changes in stock options are summarized as follows:

		Weighted Average Exercise Price*	Number of WAM Common Shares Issued or Issuable on Exercise*
Balance at December 31, 2019	\$	0.55	2,060,000
Exercised		0.45	(130,000)
Expired		0.45	(50,000)
Balance at December 31, 2020		0.56	1,880,000
Granted		0.51	2,045,000
Exercised		0.45	(420,000)
Balance at December 31, 2021	\$	0.55	3,505,000

\* The weighted average exercise price and number of common shares issued or issuable on exercise have been adjusted for 1:10,000 split.

On March 1, 2021, WACG granted 77 options to directors, officers and employees of the Company. These options may be exercised within 5 years from the date of the grant at a price of \$0.45 per common share.

On June 15, 2021, WACG granted 70 options to directors, officers and employees of the Company. These options may be exercised within 5 years from the date of the grant at a price of \$0.45 per common share.

Prior to the completion of the Transaction, those stock options originally granted by WACG were split on a 1:10,000 basis whereby WAM assumes the post-split terms of the stock options upon the completion of the RTO, granting the holder the option to acquire WAM common shares.

On November 13, 2021, the Company granted 575,000 options to directors, officers and employees of the Company. These options may be exercised within 5 years from the date of the grant at a price of \$0.68 (CAD\$0.85) per common share and are vested 25% every six months starting from November 13, 2021 onwards.

The following assumptions were used for the Black-Scholes pricing model calculations:

	March 1, 2021	June 15, 2021	November 13, 2021
Risk-free interest rate	0.99%	0.97%	1.00%
Expected stock price volatility	11.68%	20.34%	105.38%
Expected option life in years	5 years	5 years	5 years
Dividend rate	Nil	Nil	Nil

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

*(Expressed in United States Dollars)***11. SHARE CAPITAL** (continued)**Stock Options** (continued)

Stock options outstanding and exercisable on December 31, 2021 are summarized as follows:

Exercise Price (USD)	Outstanding		Exercisable	
	Number of Common Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Number of Common Shares Issuable on Exercise	Weighted Average Remaining Life (Years)
\$ 0.55	300,000	0.13	300,000	0.13
\$ 0.55	550,000	0.58	550,000	0.58
\$ 0.65	610,000	2.46	610,000	2.46
\$ 0.45	770,000	4.17	770,000	4.17
\$ 0.45	700,000	4.46	700,000	4.46
\$ 0.68	575,000	4.87	143,750	4.87
	3,505,000		3,073,750	

**12. INCOME TAXES**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	December 31, 2021	December 31, 2020
Net loss before tax	\$ (2,709,379)	\$ (165,131)
Statutory tax rate	27%	27%
Expected income tax recovery	(731,532)	(44,585)
Effect of current items	267,906	(1,707)
Tax assets not recognized	463,626	46,292
Income tax recovery	\$ -	\$ -

The significant components of deferred tax assets that have not been included on the statements of financial position are as follows:

	December 31, 2021	December 31, 2020
Share issuance costs	\$ 96,635	\$ 9,654
Non-capital losses available for future period (USA)	1,293,840	1,043,010
Non-capital losses available for future period (Canada)	115,020	-
Total deferred tax pools, net	1,505,495	1,052,664
Valuation allowance	(1,505,495)	(1,052,664)
	\$ -	\$ -

The Company has approximately \$367,000 of non-capital losses in Canada which expire in 2041 and approximately \$4,792,000 of non-capital losses in the US. Tax attributes are subject to review and potential adjustment by tax authorities

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
*(Expressed in United States Dollars)*

**13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Financial Assets and Liabilities**

Information regarding the Company's financial assets and liabilities as at December 31, 2021 and 2020 are summarized as follows:

	December 31, 2021		December 31, 2020	
<b>Financial Assets</b>				
At amortized cost				
Cash	\$	1,904,981	\$	52,181
	\$	1,904,981	\$	52,181
<b>Financial Liabilities</b>				
At amortized cost				
Accounts payable and accrued liabilities	\$	346,268	\$	70,727
Advance from shareholders		-		90,685
Loan payable		-		24,300
Promissory note		3,200,000		-
	\$	3,546,268	\$	185,712

**Financial Instrument Risk Exposure**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entry can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The carrying balance of financial assets and liabilities approximate their fair value due to their short-term nature.

### **13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT** (continued)

#### **Financial Instrument Risk Exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### ***Currency Risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's exposure to currency risk is limited as the majority of its expenditures are denominated in the same currency as its functional currency.

#### ***Commodity Price Risk***

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time. However, the Company is exposed to commodity price risk as it impacts the Company's access to capital and funding.

#### ***Interest Rate Risk***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and term deposits is limited because of their short-term investment nature. A variable rate of interest is earned on cash and term deposits, changes in market interest rates at the year-end would not have a material impact on the Company's financial statements.

#### ***Market Risk***

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

#### ***Environmental Risk***

The Company is engaged in resource exploration and development and is accordingly exposed to environmental risks associated with such activity. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements; however, there is no certainty that all environmental exposure has been addressed.

#### **14. CAPITAL MANAGEMENT**

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds for the development and exploration of its mineral properties. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

#### **15. SUBSEQUENT EVENTS**

On January 27, 2022, the Company issued 25,000 stock options with exercise price of C\$0.96 vested over two years and expiring on January 27, 2027.

On February 2, 2022, the Company's proportionate shareholders elected to convert 22,057 proportionate shares on a 1:100 conversion basis into 2,205,700 WAM common shares.

On February 21, 2022, the Company issued 300,000 WAM common shares from a stock option exercise for gross proceeds of \$165,000.