KINGFISHER METALS CORP.

(formerly Seashore Resource Partners Corp.)

Consolidated Financial Statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Kingfisher Metals Corp. (formerly Seashore Resource Partners Corp.),

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kingfisher Metals Corp. (formerly Seashore Resource Partners Corp.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in equity 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 consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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 audit of the consolidated 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.

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 audits 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 audits.

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 G. Cameron Dong.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
April 29, 2022

KINGFISHER METALS CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2021	As at December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 4,686,967	$ 116,735
Amounts receivable	244,892	40,916
Prepaid expenses	45,939	6,892
	4,977,798	164,543
Exploration and evaluation assets (Note 4)	6,457,484	1,675,049
Property and equipment (Note 5)	299,492	58,836
Restricted cash	146,500	-
	$ 11,881,274	$ 1,898,428
Liabilities and Equity		
Current:		
Accounts payable and accrued liabilities	$ 116,230	$ 79,113
Shareholders' loan	-	551
Obligation to issue shares (Note 6)	100,000	-
	216,230	79,664
Deferred income taxes (Note 11)	526,900	-
	743,130	-
Shareholders' equity		
Capital stock (Note 7)	13,985,005	2,373,161
Contributed surplus (Note 7)	1,477,485	-
Deficit	(4,324,346)	(554,397)
	11,138,144	1,818,764
	$ 11,881,274	$ 1,898,428

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

See accompanying notes.

These financial statements are authorized for issue by the Board of Directors on April 29, 2022.

"Dustin Perry"
………………………………………………Director

"David Loretto"
………………………………………………Director

KINGFISHER METALS CORP.
Consolidated Statements of Loss
(Expressed in Canadian Dollars)

For the years ended	December 31, 2021	December 31, 2020
General and administrative expenses		
Amortization	$ 52,908	$ 8,258
Audit and accounting	32,500	6,650
Bank charges	5,425	955
Business development	-	31,000
Consulting and directors' fees	118,436	18,027
Corporate relations	539,799	10,310
Insurance	22,110	5,033
Legal	12,941	22,303
Management fee	350,000	313,334
Office and administration	61,170	29,252
Salaries and wages	30,954	26,119
Share-based compensation	1,228,873	-
Transfer and filing fees	131,875	-
Travel and entertainment	49,212	13,735
	(2,636,203)	(484,976)
Other Items		
Interest	649	-
Flow-through recovery (Note 7(b) and 12)	654,000	-
Listing expense (Note 3)	(1,261,495)	-
	(606,846)	-
Net loss before income taxes	$ (3,243,049)	$ (484,976)
Deferred income tax expense (Note 11)	526,900	-
Net loss for the year	$ (3,769,949)	$ (484,976)
Loss per share, basic	$ (0.05)	$ (0.02)
Weighted average number of common shares outstanding	70,260,164	31,520,335

See accompanying notes.

KINGFISHER METALS CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended	December 31, 2021	December 31, 2020
Operating activities		
Net loss for the year	$ (3,769,949)	$ (484,976)
Changes non-cash operating items:		
Amortization	52,908	8,258
Deferred income tax expense	526,900	-
Flow-through recovery	(654,000)	-
Share-based compensation	1,228,873	-
Listing expense	1,261,495	-
	(1,353,773)	(476,718)
Changes non-cash working capital:		
Amounts receivable	(203,976)	(13,262)
Prepaid expenses	(39,047)	4,557
Accounts payable and accrued liabilities	53,985	8,647
	(189,038)	(58)
Cash used in operating activities	(1,542,811)	(476,776)
Financing activities		
Issuance of common shares from private placements	10,706,370	1,044,500
Share issue costs	(658,760)	(5,464)
Loan (repayment) from (to) shareholder	(551)	(333)
Options exercised for common shares	8,500	-
Warrants exercised for common shares	1,072,313	-
Cash provided by financing activities	11,127,872	1,038,703
Investing activities		
Cash acquired on RTO (Note 3)	124,538	-
Additions to exploration and evaluation assets	(4,699,303)	(700,678)
Additions to property and equipment	(293,564)	(67,094)
Restricted cash	(146,500)	-
Cash used in investing activities	(5,014,829)	(767,772)
Net inflow (outflow) of cash and cash equivalents	4,570,232	(205,845)
Cash and cash equivalents, beginning of the year	116,735	322,580
Cash and cash equivalents, end of the year	$ 4,686,967	$ 116,735

Non-cash investing activity:
The Company incurred $36,267 in exploration and evaluation assets which were in accounts payable and accrued liabilities at December 31, 2021.

See accompanying notes.

KINGFISHER METALS CORP.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Common Shares						
	Number	Amount	Shares Subscribed	Share Based Compensation	Contributed Surplus	Deficit	Total
Balance, December 31, 2020	39,173,801	$ 2,373,161	$ -	$ -	$ -	$ (554,397)	$ 1,818,764
Shares issued pursuant to QT	5,242,000	1,310,500	-	-	75,533	-	1,386,033
Placement – net of issue costs	24,120,000	5,830,993	-	-	68,545	-	5,899,538
Charity Flow-through shares issued – net of issue costs	5,450,000	3,051,895	-	-	-	-	3,051,895
Flow-through shares issued – net of issue costs	2,437,000	1,096,177	-	-	-	-	1,096,177
Agent warrants	-	(138,205)	-	-	138,205	-	-
Flow-through premium liability	-	(654,000)	-	-	-	-	(654,000)
Options Exercised	59,999	20,761	-	-	(12,261)	-	8,500
Warrants Exercised	8,190,500	1,093,723	-	-	(21,410)	-	1,072,313
Share Based Compensation	-	-	-	1,228,873	-	-	1,228,873
Net loss for the year	-	-	-	-	-	(3,769,949)	(3,769,949)
Balance, December 31, 2021	84,673,300	$13,985,005	$ -	$ 1,228,873	$ 248,612	$ (4,324,346)	$ 11,138,144

	Common Shares						
	Number	Amount	Shares Subscribed	Share Based Compensation	Contributed Surplus	Deficit	Total
Balance, December 31, 2019	26,648,801	$ 1,119,125	$ 51,000	$ -	$ -	$ (69,421)	$ 1,100,704
Placement – net of issue costs	10,955,000	1,090,036	(51,000)	-	-	-	1,039,036
Shares issued for mining claims	1,570,000	164,000	-	-	-	-	164,000
Net loss for the year	-	-	-	-	-	(484,976)	(484,976)
Balance, December 31, 2020	39,173,801	$ 2,373,161	$ -	$ -	$ -	$ (554,397)	$ 1,818,764

See accompanying notes.

1. NATURE OF OPERATIONS AND GOING CONCERN

Kingfisher Metals Corp. (formerly Seashore Resource Partners Corp.) (the "Company" or “Kingfisher”) was incorporated under the Business Corporations Act (British Columbia) on September 7, 2017 as a Capital Pool Corporation defined in the Policy 2.4 of the TSX Venture Exchange (the “TSX-V”). The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company’s office is located at 1710-1050 W. Pender Street, Vancouver, BC, V6E 3S7.

On March 12, 2021, the Company completed the share exchange transaction with Kingfisher Resources Ltd. (“KFR”) (Note 3) which constituted the Company’s QT. KFR was incorporated under the Business Corporations Act (British Columbia) on January 21, 2019 and its principal business focus is the exploration and development of mineral prospects in Canada. Upon completion of the QT, the Company began trading under its new name on the TSX-V with the symbol “KFR” (and shortly thereafter on the Frankfurt Stock Exchange under the symbol “970”).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. There is no assurance that the exploration activities of Kingfisher will result in future profitable operations. The business is subject to risk, market conditions, supply and demand, and competition. The Company currently has cash available to meet its administrative overhead and maintain its assets. The recoverability of amounts shown in assets is dependent on several factors. These factors include the ability of the Company to obtain financing to complete the planned exploration, and future cashflow from the Company’s business.

However, there can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

These audited consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and its interpretations of the International Financial Reporting Interpretations Committee. These consolidated financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting, except for cash flow information. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The accounting policies set out below have been applied consistently by the Company.

These consolidated financial statements were authorized for issuance on April 29, 2022 by the directors of the Company.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled entity. 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.

Intercompany balances and transactions including any unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

The following subsidiary has been consolidated from all dates presented within these consolidated financial statements:

Name of Subsidiary	Place of Incorporation	Principal Activity	Ownership Interest
Kingfisher Resources Ltd.	Canada	Mineral Exploration and Evaluation	100%

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements is in conformity with IFRS, which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously 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. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant assumptions about the future and other sources of uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Exploration and evaluation assets

The application of the Company's accounting policies for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is impaired with a corresponding charge to profit or loss in the period in which the new information becomes available.

Going concern

Critical judgement and estimates are applied for the determination that the Company will continue as a going concern for the next year.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and deposits in bank.

(e) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

(f) Share based payments

The Company's share purchase option plan allows Company directors, officers, employees and service providers to acquire shares of the Company. The fair value of share purchase options granted to employees (which includes directors and officers and service providers that meet the definition of an employee) is recognized as an expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized over the vesting period. The fair value of options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.
Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

(g) Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the years presented and accordingly, basic and diluted losses per share are the same.

(h) Exploration and evaluation assets

Expenditures incurred before the Company has obtained legal rights to explore an area are recognized in the statements of loss as exploration expenses.

Exploration and evaluation assets reflect expenditures for an area where technical feasibility and commercial viability have not yet been determined. Expenditures, including, but are not limited to, land acquisition, geological and geophysical studies, exploratory drilling and sampling and directly attributable employee salaries and benefits are capitalized and accumulated pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are not depleted. When assets are determined to be technically feasible and commercially viable, the accumulated costs are tested for impairment and the recoverable amount is transferred to property, plant and equipment. Upon transfer of exploration and evaluation costs into property, plant and equipment, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized within mine development. After production starts, all assets included in mine development costs are transferred to producing mines. At such time as commercial production commences, these expenditures will be charged to operations on a unit-of-production method based on proven and probable resources.

Exploration and evaluation assets are also assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

(i) Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at years end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities, they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(k) Flow-through shares

The Company has issued common shares as flow-through shares, whereby the investor may claim the tax deductions arising from the related expenditures. When flow-through shares are issued, the sale of the tax deduction is valued (using the residual method) and deferred as a flow-through liability. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, the flow-through liability is reversed, and a deferred income tax liability is recognized.

Previously unrecognized deferred income tax assets may be used to reduce the deferred income tax liability amount recognized, and the Company will recognize a future income tax recovery to this extent.

(l) Financial instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss (“FVTPL”). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. Cash and cash equivalents are classified as subsequently measured at amortized cost.

Amounts receivable

These receivables are non-interest bearing and are recognized at face amount, except when fair value is materially different and are subsequently measured at amortized cost. Trade receivables recorded are net of lifetime expected credit losses.

Accounts payables and accrued liabilities

These payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables are subsequently measured at amortized cost.

(m) New accounting standards and recent 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.

(Expressed in Canadian Dollars)

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.

3. QUALIFYING TRANSACTION

In July of 2020, the Company and KFR entered into a share exchange agreement, which set out the principal terms upon which the Company was to acquire all of the issued and outstanding securities of KFR. The transaction would allow KFR to obtain a public listing by completing a reverse take-over transaction whereby KFR, substantively and for accounting purposes, was considered to be the acquiring and the continuing entity. The Company, after giving effect to the completion of the transaction, was referred herein as the resulting issuer. On March 12, 2021, the Company announced that it had completed its QT by acquiring all the issued and outstanding shares of KFR.

In connection with the transaction, the Company completed a concurrent financing totaling $6,030,000 bringing the Company’s total shares issued and outstanding to 68,945,801.

Accordingly, Kingfisher has accounted for the acquisition as a reverse takeover, and no goodwill or intangible asset been recorded (only a listing expense). Therefore, for accounting purposes, KFR, the legal subsidiary, has been treated as the accounting acquirer, and the Company, the legal parent, has been treated as the accounting acquiree in these consolidated financial statements.

As KFR was deemed to be the acquirer for accounting purposes, the Company’s assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying values. Kingfisher’s results of operations have been included from March 12, 2021, the date of completion of the acquisition.

The QT is being accounted for as a capital transaction in which KFR is being identified as the acquirer of the Company and equity consideration is being measured at fair value. The QT does not constitute a business combination under IFRS 3. The QT is accounted for in the consolidated financial statements of the resulting issuer as a continuation of the consolidated financial statements of KFR.

For the purposes of accounting for the reverse takeover, the percentage of ownership of the pre-acquisition shareholders of the Company in the combined entity upon completion of the acquisition was determined to be 7.6% (which represents 5,242,000 common shares out of a total of 68,945,801 common shares of the Company outstanding upon closing of the QT).

The total purchase price of $1,310,500 has been allocated as follows:

Fair value of consideration – purchase price	$	1,310,500
Fair value of Seashore options		75,533
	$	1,386,033
Identifiable net assets of Seashore acquired by KFR Ltd.		
Cash	$	124,538
Listing expense		1,261,495
	$	1,386,033

(Expressed in Canadian Dollars)

The fair value of the Seashore options is estimated using the Black-Scholes option pricing model with assumptions as follows:

	March 12, 2021
Risk-free interest rate	1.03%
Expected annualized volatility	100%
Expected life	2.56 years
Dividend rate	Nil

4. EXPLORATION AND EVALUATION ASSETS

Ecstall

On April 10, 2019, the Company completed the Ecstall purchase of 18 mineral claims totalling 20,735 hectares in Northwestern B.C. for 8,200,000 shares (at a value of $205,000) from two shareholders.

The Company also acquired and staked 10 additional claims on adjacent land (totalling approximately 4,281 hectares) by incurring costs of $13,393.

The Company incurred an additional fee of $700 related to the purchase of the claims.

Thibert

On June 24, 2020, the Company entered into an asset purchase agreement to acquire Thibert claims from Kenorland Minerals Ltd. (“Kenorland”) (a company with a common director), consisting of 8 mineral claims totaling 12,475 hectares in Northwestern B.C. for the following:

- 1,000,000 common shares of the Company (issued);
- common shares of the Company equal to a value of $100,000 on the first anniversary date of the listing on the TSX-V; and
- a 2% net smelter return royalty.

In March 2021, as the Company became listed on the TSX-V, the Company recorded a liability of $100,000 for the above common shares to be issued (see Note 6).

On November 15, 2021, the Company staked 2 additional mineral claims adjacent to the existing claims totaling 502 hectares for a cost of $878.

Goldrange

On April 6, 2020, the Company completed a purchase from Kenorland of three mineral claims totaling 4,504 hectares in Southwestern B.C. (referred to here as Goldrange) for 500,000 common shares of the Company (at a value of $50,000) plus a 2% net smelter return royalty.

Subsequently during the 2020 year, the Company acquired and staked 24 additional mineral claims (totaling approximately 16,574 hectares) by incurring costs of $73,940 and issuing 70,000 common shares (at a value of $14,000).

On February 15, 2021, the Company staked 12 additional mineral claims adjacent to the existing claims totaling 18,920 hectares for a cost of $33,110.

On November 12, 2021, the Company staked 7 additional mineral claims adjacent to the existing claims totaling 12,077 hectares for a cost of $21,134.

(Expressed in Canadian Dollars)

	Ecstall Claims	Thibert Claims	Goldrange Claims	Total
Acquisition costs:				
At December 31, 2019	$ 215,548	$ -	$ -	$ 215,548
Acquisition costs, agreement for sale	-	100,000	109,318	209,318
Staking	2,845	-	28,622	31,467
As at December 31, 2020	218,393	100,000	137,940	456,333
Acquisition costs, agreement for sale	700	100,878	-	101,578
Staking	-	-	54,244	54,244
As at December 31, 2021	**219,093**	**200,878**	**192,184**	**612,155**
Exploration costs:				
As at December 31, 2019	**541,688**	**-**	**-**	**541,688**
Expenditures during the year:				
Permit applications	4,200	-	-	4,200
Geologist and sundry exploration costs	33,990	-	99,831	133,821
Digitization	10,216	-	4,661	14,877
Airborne survey	25,300	-	137,950	163,250
Assays	3,566	-	41,268	44,834
Camp	13,299	-	26,682	39,981
Field gear	2,081	-	28,272	30,353
Helicopters	4,475	-	131,107	135,582
Labour	14,608	1,141	46,204	61,953
Reports	5,000	-	4,244	9,244
Transportation and travel	9,348	-	29,585	38,933
	126,083	1,141	549,804	677,028
As at December 31, 2020	**667,771**	**1,141**	**549,804**	**1,218,716**
Expenditures during the year:				
Geologist and sundry exploration costs	6,991	336	173,540	180,867
Digitization	24	972	7,520	8,516
Airborne survey	-	-	6,125	6,125
Assays	9,310	-	216,564	225,874
Camp	1,192	-	362,184	363,376
Consulting	3,204	-	36,949	40,153
Drilling	-	-	1,474,730	1,474,730
Field gear	13,500	4,800	62,572	80,872
Geophysics	-	125,737	139,509	265,246
Gravity Survey	98,150	-	-	98,150
Helicopters	34,293	10,120	1,174,074	1,218,487
Labour	21,994	52,795	487,261	562,050
Reports	1,840	-	15,785	17,625
Transportation and travel	60	5,350	162,932	168,342
	190,558	200,110	4,319,745	4,710,413
As at December 31, 2021	**858,329**	**201,251**	**4,869,549**	**5,929,129**
Recovery – BCMETC, Dec. 31, 2021	**(83,800)**	**-**	**-**	**(83,800)**
Balance, December 31, 2021	**$ 993,622**	**$ 402,129**	**$ 5,061,733**	**$ 6,457,484**

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Automotive Equipment	Shop Equipment	Exploration Equipment	Office Equipment	Portable Camp	Total
Cost						
At December 31, 2019	$ -	$ -	$ -	$ -	$ -	$ -
Capital expenditures	14,820	-	36,113	16,161	-	67,094
At December 31, 2020	14,820	-	36,113	16,161	-	67,094
Capital expenditures	-	8,588	101,963	14,452	168,561	293,564
At December 31, 2021	$ 14,820	$ 8,588	$138,076	$30,613	$ 168,561	$360,658
Accumulated depletion and depreciation						
At December 31, 2019	$ -	$ -	$ -	$ -	$ -	$ -
Depletion and depreciation	(2,223)	-	(3,611)	(2,424)	-	(8,258)
At December 31, 2020	(2,223)	-	(3,611)	(2,424)	-	(8,258)
Depletion and depreciation	(3,779)	(859)	(16,697)	(6,289)	(25,284)	(52,908)
At December 31, 2021	$ (6,002)	$ (859)	$ (20,308)	$ (8,713)	(25,284)	$ (61,166)
Net book value						
December 31, 2020	$ 12,597	$ -	$ 32,502	$13,737	$ -	$ 58,836
December 31, 2021	**$ 8,818**	**$ 7,729**	**$117,768**	**$21,900**	**$ 143,277**	**$299,492**

6. OBLIGATION TO ISSUE SHARES

The Company has committed to issue the following shares (see Note 4) upon its successful listing of its shares on the TSX-V:

	Dollar value of shares to be issued greater than one year $
Kenoraland Minerals Ltd. – Thibert (1)	100,000
Total	100,000

(1) The Company acquired mineral claims on June 24, 2020 in exchange for an agreement to issue $100,000 in common shares issued on the first anniversary of listing on the TSX-V. See note 4.

The Company has issued the shares subsequent to the year-end. See Note 13.

7. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the year ended December 31, 2021:

On March 12, 2021, the Company issued a total of 24,120,000 units at a price of $0.25 per unit for gross proceeds of $6,030,000. Each unit consists of one common share and one warrant. Each warrant is exercisable to acquire one further common share at a price of $0.50 per common share for a period of two years. The Company paid finder's fees of $130,463 in cash and issued 521,850 finder's warrants with a fair value of $68,545 (see Note 7(d)). Each finder's warrant entitles the holder to acquire one additional common share at a price of $0.25 per share for two years.

On June 3, 2021, the Company closed a private placement for gross proceeds of $4,676,370 (the "Offering"). The Offering was comprised of (i) 5,450,000 charity flow-through units (the "Charity FT Units") at a price of $0.63 per Charity FT Unit for gross proceeds of $3,433,500; and (ii) 2,437,000 flow-through units (the "FT Units") at a price of $0.51 per FT Unit for gross proceeds of $1,242,870.

Each Charity FT Unit and FT Unit consists of one flow-through common share and one half of one transferable non-flow-through common share purchase warrant. Each full warrant is exercisable into one additional non-flow-through common share of the Company for 24 months at an exercise price of $0.70. The Company recognized a flow-through premium liability of $654,000.

In connection with the Offering, the agent received an aggregate cash fee of $375,588 and 529,334 non-transferable compensation warrants (the "Compensation Warrants") with a fair value of $138,205 (see Note 7(d)). Each Compensation Warrant entitles the holder to purchase one common share at an exercise price equal to $0.51 for a period of 24 months.

During the year, the Company issued a total of 8,190,500 common shares from the exercise of warrants for gross proceeds of $1,072,313 and a total of 59,999 common shares from the exercise of options for gross proceeds of $8,500.

During the year ended December 31, 2020:

On April 1, 2020, the Company issued a total of 955,000 units at a price of $0.10 per unit for gross proceeds of $95,500. Each unit consists of one common share and one warrant. Each warrant is exercisable to acquire one further common share at a price of $0.125 per common share for a period of two years following the date that the Company commences trading on an established Canadian or U.S. securities exchange.

On April 9, 2020, the Company issued 500,000 common shares at a price of $0.10 per share as part of an asset purchase agreement with Kenorland for the purchase of three mineral claims.

On June 24, 2020, the Company issued 1,000,000 common shares at a price of $0.10 per share as part of an asset purchase agreement with Kenorland for the purchase of 8 mineral claims.

On July 31, 2020, the Company issued a total of 3,000,000 units at a price of $0.10 per unit for gross proceeds of $300,000. Each unit consists of one common share and one warrant. Each warrant is exercisable to acquire one further common share at a price of $0.125 per common share for a period of two years following the date that the Company commences trading on an established Canadian or U.S. securities exchange.

On September 18, 2020, the Company issued 3,500,000 flow-through units and 3,500,000 non-flow-through units at a price of $0.10 per unit for gross proceeds of $700,000. Each unit consists of one common share and one warrant. Each warrant is exercisable to acquire one further common share at a price of $0.125 per common share for a period of two years following the date that the Company commences trading on an established Canadian or U.S. securities exchange.

On September 30, 2020, the Company issued 20,000 common shares at a price of $0.20 per share as part of an asset purchase agreement with an individual for the purchase of mineral claims.

On September 30, 2020, the Company issued 50,000 common shares at a price of $0.20 per share as part of an asset purchase agreement with a private company for the purchase of mineral claims.

(Expressed in Canadian Dollars)

(c) Incentive stock options

The Company has a stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The term of any stock option granted under the Plan may not exceed five years and the exercise price may not be less than the discounted market price on the grant date. Unless otherwise specified by the Board of Directors at the time of granting an option, and subject to other term limits on option grants set out in the Plan, all options granted under the Plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one quarter of the options vesting in any three-month period.

The purpose of the Plan is to provide directors, officers, key employees, and certain other persons who provided services to the Company and its subsidiaries with an increased incentive to contribute to the future success and prosperity of the Company.

On March 12, 2021, in accordance with the QT, KFR stock options were converted to 3,9100,000 stock options of the Company (2,150,000 options are exercisable until December 27, 2024 and 1,760,000 options are exercisable until September 25, 2025). These options vest over a period of one year.

On March 12, 2021, the Company also granted 1,890,000 stock options to various directors, executive officers, employees, and consultants. These options are exercisable until March 12, 2026, at a price of $0.25 per share. These options vest over a period of one year.

On May 25, 2021, the Company granted 360,000 stock options to various employees, and consultants. These options are exercisable until May 25, 2026, at a price of $0.55 per share. These options vest over a period of one year.

On October 21, 2021, the Company granted 50,000 stock options to a service provider. These options are exercisable until October 21, 2026 at a price of $0.65 per share. These options vest over a period of one year.

The following is a continuity of outstanding share options:

	Number of Options
Balance at December 31, 2019 and 2020	400,000
Granted March 12, 2021	1,890,000
Exchanged in accordance with the QT	3,910,000
Granted May 25, 2021	360,000
Granted October 21, 2021	50,000
Exercised	(59,999)
Balance December 31, 2021	**6,550,001**

As at December 31, 2021, the weighted average exercise price of the stock options is $0.17.

The fair value of each option is estimated using the Black-Scholes option pricing model with assumptions as follows:

	October 21, 2021	May 25, 2021	March 12, 2021
Risk-free interest rate	1.33%	0.86%	1.03%

(Expressed in Canadian Dollars)

Expected annualized volatility	94%	101%	100%
Expected life	5 years	5 years	5 years
Exercise price	$0.65	$0.55	$0.10 – $0.25
Dividend rate	Nil	Nil	Nil

The following table summarizes information about stock options that are outstanding at December 31, 2021:

Number of Options	Price per Share	Expiry Date	Options Exercisable
400,000	$0.10	October 4, 2023	400,000
2,106,667	$0.10	December 27, 2024	1,390,000
1,760,000	$0.10	September 25, 2025	1,173,333
1,873,334	$0.25	March 12, 2026	1,243,334
360,000	$0.55	May 25, 2026	240,000
50,000	$0.65	October 21, 2026	-
6,550,001			4,446,667

As at December 31, 2021, the weighted average contractual remaining life is 3.56 years.

(d) Share purchase warrants

The following is a continuity of outstanding warrants:

	Number of Warrants	Exercise Price	Expiry Date
Balance at December 31, 2019 and 2020	-	$ -	-
Exchanged in accordance with the QT	10,955,000	$ 0.125	March 12, 2023
Issued	24,120,000	$ 0.50	March 12, 2023
Issued – Finder's warrants	521,850	$ 0.25	March 12, 2023
Issued – Charity Flow Through	2,725,000	$ 0.70	June 3, 2023
Issued – Finders Warrants	529,334	$ 0.51	June 3, 2023
Issued – Flow Through	1,218,500	$ 0.70	June 3, 2023
Exercised	(7,952,500)	$ 0.125	March 12, 2023
Exercised	(75,000)	$ 0.50	March 12, 2023
Exercised	(163,000)	$ 0.25	March 12, 2023
Balance at December 31, 2021	**31,879,184**		

As at December 31, 2021, the weighted average contractual life of warrants is 1.23 years and the weighted average exercise price is $0.49.

The fair value of finder's warrants is estimated using the Black-Scholes pricing model with assumptions as follows:

	June 3, 2021	March 12, 2021
Risk-free interest rate	0.32%	1.03%
Expected annualized volatility	101%	100%
Expected life	2 years	2 years
Dividend rate	Nil	Nil

8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel for the years ended were as follows:

	December 31, 2021	December 31, 2020
Share-based compensation	$ 672,565	$ -
Director fees	41,862	-
Management fees	350,000	313,334
Exploration and evaluation assets	41,024	34,288
Operating expenses	500	-
	$ 1,105,951	$ 347,622

As at December 31, 2021, $17,918 (2020 - $nil) is included in accounts payable and accrued liabilities.

All transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. FINANCIAL INSTRUMENTS RISK

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations.

Cash and cash equivalents consist of cash bank balances. There are no short-term investments currently.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts. As at December 31, 2021, there were no significant amounts past due or impaired.

Market Risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its purchases and capital commitments, and other financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

Foreign Exchange Risk

The Company currently does not have significant exposure to other currencies, and this is not expected to change in the foreseeable future as the capital commitments that are expected to be carried out in United States dollars will be limited.

(Expressed in Canadian Dollars)

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments, so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

During the year ended December 31, 2021 and the year ended December 31, 2020, there were no transfers between level 1, 2 and 3 classified assets and liabilities.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future exploration and maintaining investor, creditor and market confidence.

The Company defines its capital as shareholders' equity and working capital. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the event that adjustments to the capital structure are required, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements or restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated. The Company may require equity issues to cover administrative and operating cost.

11. INCOME TAXES

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	December 31, 2021	December 31, 2020
Loss before income taxes	$ (3,243,049)	$ (484,976)
Total expected income tax recovery at statutory rates	(875,600)	(130,900)
Net effect of non-deductible amounts and flow through expenditures renounced	1,757,700	1,100
Share issue costs	(177,300)	-
Change in deferred tax asset not recognized	(177,900)	129,800
Deferred income tax expense	$ 526,900	$ -

(Expressed in Canadian Dollars)

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	2021	2020
Non-capital loss carry forward	$ 2,219,900	$ 561,100
Mineral properties	(4,779,600)	71,700
Property and equipment	67,500	14,600
Share issue costs	540,600	9,400
	$ (1,951,600)	$ 656,800

The non-capital loss carry-forwards expire according to the following schedule:

	Non-capital Losses
2038	$ 68,600
2039	128,600
2040	532,700
2041	1,490,000
	$ 2,219,900

12. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures. As at December 31, 2021, the Company has approximately $567,870 to spend on qualified expenditures. See Note 7(b).

During the year ended December 31, 2021, the Company recognized a flow-through recovery of $654,000.

13. SUBSEQUENT EVENTS

On March 18, 2022, the Company issued 500,000 common shares at $0.20 to Kenorland pursuant to an agreement to purchase the Thibert claims (See Note 6).