



Windfall Geotek Inc.

Audited Consolidated Financial Statements

Years ended February 28, 2022 and February 28, 2021
(Canadian dollars, unless otherwise stated)



Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Windfall Geotek Inc. (the "Company") are the responsibility of management and the Board of Directors.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the audited consolidated annual financial statements.

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

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

(signed)
Simran Kamboj
Chief Executive Officer

(signed)
Scott Kelly
Chief Financial Officer

June 30, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Windfall Geotek Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Windfall Geotek Inc. (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2022 and 2021 and the consolidated statements of operations, 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 financial position of the Company as at February 28, 2022 and 2021 and its financial performance and its 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 audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 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 Roxburgh.

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
June 30, 2022

Windfall Geotek Inc.
Consolidated Statements of Financial Position
For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars, except for the number of shares)

	Note	2022	2021
Current Assets			
Cash		\$ 1,873,426	\$ 1,516,723
Amounts receivable	7	25,518	23,851
Prepaid expenses	7	-	117,605
Marketable securities	8	1,263,490	1,368,179
Subscriptions paid	8	100,000	-
		<u>3,262,434</u>	<u>3,026,358</u>
Non-current assets			
Office equipment	9	18,249	21,155
Intangible asset – CARDS	10	1	150,000
Exploration and evaluation assets	6 & 11	1	1
		<u>18,251</u>	<u>171,156</u>
TOTAL ASSETS		<u>\$ 3,280,685</u>	<u>\$ 3,197,514</u>
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 131,325	\$ 127,674
Contract liabilities	13	-	79,000
CEBA loan	14	10,000	30,000
		<u>141,325</u>	<u>236,674</u>
Non-current liabilities			
CEBA loan	14	-	5,000
		<u>141,325</u>	<u>241,674</u>
Equity			
Share capital	15	42,832,254	39,582,545
Subscriptions received	15	-	100,000
Contributed surplus	16	7,543,196	6,285,441
Warrants	15	1,777,821	633,614
Deficit		(49,013,911)	(43,645,760)
		<u>3,139,360</u>	<u>2,955,840</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 3,280,685</u>	<u>\$ 3,197,514</u>

Going concern (note 2)

Events after the reporting period (note 26)

Approved by the Board of Directors:

“Simran Kamboj”
Director

“Dinesh Kandanchatha”
Director

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

Windfall Geotek Inc.
Consolidated Statements of Operations
For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars, except for the number of shares)

	Note	2022	2021
Revenue			
CARDS services	19	\$ 571,412	\$ 614,463
Operating expenses			
Amortization and depreciation	9 & 10	(156,707)	(155,483)
Commissions – CARDS and property	6 & 19	(21,700)	(104,545)
Exploration and evaluation expenditures	11	(1,014,086)	(151,169)
General and administration	18	(3,014,234)	(729,365)
Share-based compensation	16 & 19	(1,308,897)	(248,964)
		<u>(5,515,624)</u>	<u>(1,389,526)</u>
Operating loss		<u>(4,944,212)</u>	<u>(775,063)</u>
Unrealized gain (loss) on marketable securities	8	(443,939)	731,645
Gain on sale of marketable securities	8	-	14,232
Gain on disposal of mining assets	8 & 11	30,000	115,000
Write-down on subscriptions paid		(10,000)	-
		<u>(423,939)</u>	<u>860,877</u>
Net (loss) income and comprehensive (loss) income for the year		<u>\$ (5,368,151)</u>	<u>\$ 85,814</u>
Weighted average number of outstanding			
Basic	17	123,721,712	88,718,169
Diluted	17	123,721,712	95,883,505
Earnings (loss) per share			
Basic	17	\$ (0.04)	\$ 0.00
Diluted	17	\$ (0.04)	\$ 0.00

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

Windfall Geotek Inc.
Consolidated Statements of Changes in Equity
For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars, except for the number of shares)

	Number of Common Shares	Share Capital (Note 15)	Subscriptions Received (Note 15)	Contributed Surplus (Note 16)	Warrants (Note 15)	Deficit	Total Equity
Balance, February 29, 2020	82,418,881	\$ 37,903,803	\$ -	\$ 6,288,445	\$ 406,272	\$ (43,731,574)	\$ 866,946
Issued in private placements	16,736,667	936,800	-	-	-	-	936,800
Subscriptions received	-	-	100,000	-	-	-	100,000
Warrants issued in private placements	-	(400,890)	-	-	400,890	-	-
Share issue costs	-	(6,184)	-	-	-	-	(6,184)
Warrants exercised	8,010,000	627,048	-	-	(173,548)	-	453,500
Options exercised	2,900,000	521,968	-	(251,968)	-	-	270,000
Share-based compensation	-	-	-	248,964	-	-	248,964
Net income and comprehensive income for the year	-	-	-	-	-	85,814	85,814
Balance, February 28, 2021	110,065,548	39,582,545	100,000	6,285,441	633,614	(43,645,760)	2,955,840
Issued in private placements	10,000,080	3,500,028	(100,000)	-	-	-	3,400,028
Warrants issued in private placements	-	(1,408,398)	-	-	1,408,398	-	-
Share issue costs	-	(37,554)	-	-	-	-	(37,554)
Warrants exercised	11,880,000	1,089,991	-	-	(264,191)	-	825,800
Options exercised	750,000	105,642	-	(51,142)	-	-	54,500
Share-based compensation	-	-	-	1,308,897	-	-	1,308,897
Net loss and comprehensive loss for the year	-	-	-	-	-	(5,368,151)	(5,368,151)
Balance, February 28, 2022	132,695,628	\$ 42,832,254	\$ -	\$ 7,543,196	\$ 1,777,821	\$ (49,013,911)	\$ 3,139,360

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

Windfall Geotek Inc.
Consolidated Statements of Cash Flows
For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

	<u>2022</u>	<u>2021</u>
Operating activities		
Net (loss) income for the year	\$ (5,368,151)	\$ 85,814
Items not affecting cash:		
Amortization and depreciation	156,707	155,483
Unrealized loss (gain) on marketable securities	443,939	(731,645)
Revenue received as common shares	(169,250)	(18,000)
Gain on sale of marketable securities	-	(14,232)
Gain on disposal of mining assets	-	(115,000)
Share-based compensation	1,308,897	248,964
	<u>(3,627,858)</u>	<u>(388,616)</u>
Changes in working capital items:		
Amounts receivable	(1,667)	118,626
Prepaid expenses	117,605	(117,605)
Subscription paid	(100,000)	-
Accounts payable and accrued liabilities	3,651	8,370
Contract liabilities	(79,000)	1,037
Cash flows used in operating activities	<u>(3,687,269)</u>	<u>(378,188)</u>
Investing activities		
Purchase of marketable securities	(170,000)	(40,000)
Proceeds received on disposition of marketable securities	-	44,232
Purchase of office equipment	(3,802)	(3,114)
Cash flows provided by (used in) investing activities	<u>(173,802)</u>	<u>1,118</u>
Financing activities		
Issuance of common shares, net of share issuance costs	3,362,474	1,654,116
Subscriptions received	-	100,000
Exercise of options	54,500	-
Exercise of warrants	825,800	-
CEBA loan	-	40,000
Repayment of CEBA loan	(25,000)	(5,000)
Cash flows provided by financing activities	<u>4,217,774</u>	<u>1,789,116</u>
Net change in cash	356,703	1,412,046
Cash, beginning of year	<u>1,516,723</u>	<u>104,677</u>
Cash, end of year	<u>\$ 1,873,426</u>	<u>\$ 1,516,723</u>

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

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

1 Incorporation and nature of activities

Windfall Geotek Inc. ("Windfall" or the "Company") was incorporated under the Canada Business Corporations Act (Alberta) on February 23, 1996. The nature of operations involves the acquisition, exploration and development of mineral resource properties. Windfall Geotek Inc. and its subsidiaries (hereinafter the "Company") are in the exploration stage and do not derive any revenue from the development of their properties. The Company also offers CARDS artificial intelligence and data mining services (Notes 4 and 6). The Company is exploring a new business model through which it will advance projects where the CARDS artificial intelligence software platform has identified high-potential targets. This transition from pure service revenues to service revenues plus asset accumulation is part of the Company's strategy to maximize returns to investors. The Company's common shares are listed on the TSX Venture Exchange ("TSX.V") (the "Exchange") under the symbol WIN. The Company obtained a listing on the OTCQB effective October 21, 2020 under the symbol WINKF.

The Company's office is located at 7005 Taschereau Boulevard Suite 265, Brossard, Quebec, Canada, J4Z 1A7.

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, indigenous claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These consolidated financial statements were approved and authorized for issue by the board of directors on June 30, 2022.

2 Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable.

For the current year ended February 28, 2022, the Company has a net loss of \$5,368,151 (2021 – net income of \$85,814) and has an accumulated deficit of \$49,013,911 as at February 28, 2022 (2021 - \$43,645,760). In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and evaluation programs and pay general and administration costs. As at February 28, 2022, the Company had positive working capital of \$3,121,109 (2021 - \$2,789,684).

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

2 Going Concern (continued)

The Company must secure additional funding to be able to discharge its liabilities and to fund its ongoing working capital requirements. Management is evaluating various alternatives to secure the necessary financing so that the Company can continue as a going concern. The carrying amount of assets, liabilities and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3 Statement of Compliance

These consolidated financial statements, including comparative amounts, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended February 28, 2022. The accounting policies applied in these consolidated financial statements are presented in Note 4 and have been applied consistently to all years unless otherwise noted.

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

4 Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, options and warrants which are measured at fair value, as explained in Notes 8, 15 and 16 and are presented in Canadian dollars unless otherwise indicated.

b) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Windfall is the group's ultimate parent company. The parent controls a subsidiary if it is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between companies.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

4 Summary of Significant Accounting Policies (continued)

b) Basis of consolidation (continued)

The following companies have been consolidated within these consolidated financial statements:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Private Ontario Corp.	Ontario, Canada	100%	Holding company
Tropic Diamonds Inc.	Ontario, Canada	100%	Holding company
Ampanihy Resources S.A.R.L	Madagascar	100%	Holding company
SIMACT Alliance Copper Gold Inc.	Montreal, Canada	100%	Exploration company

c) Foreign currency and foreign currency translation

These consolidated financial statements are presented in Canadian dollars. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates (the “functional currency”). Windfall’s functional currency is the Canadian dollar. The functional currency of all of the subsidiaries is the Canadian dollar. The functional currencies have remained unchanged during 2022 and 2021.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date; non monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates of exchange prevailing at the date the fair value was determined; and, non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Such exchange differences arising from retranslation at period end are recognized in net income or loss.

d) Jointly controlled exploration operations

Joint arrangements are arrangements where the Company has joint control through a contractually agreed sharing of control arrangement. Joint control exists when decisions about the relevant activities require the unanimous consent of parties sharing control. Arrangements are classified and recognized as follows:

- Joint operations – when the Company has rights to assets, and obligations for the liabilities, relating to the joint arrangement and recognizes its share of the assets, liabilities, revenue, and expenses of the joint operations; and
- Joint venture – when the Company has rights to the net assets of the joint arrangement and recognizes its interest using the equity method.

e) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”).

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

4 Summary of Significant Accounting Policies (continued)

e) *Financial instruments (continued)*

The Company's financial instruments are classified and subsequently measured as follows:

Financial Assets	Classification
Cash	Amortized cost
Amounts receivable (*)	Amortized cost
Marketable securities	FVTPL
Subscription paid	Amortized cost
Financial Liabilities	
Accounts payables and accrued liabilities	Amortized cost
CEBA loan payable	Amortized cost

(*) excluding G/QST

The classification of financial assets is based on how the entity manages its financial instruments and contractual cash flow characteristics of the financial asset. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of operations.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. These are classified in current assets, except for the portion expected to be realized or paid beyond twelve months of the consolidated statements of financial position date, if any, which are classified as non-current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value.

Impairment of financial assets and contract assets

The Company recognizes loss allowances for expected credit losses ("ECL") on:

- financial assets measured at amortized cost; and
- contract assets (as defined in IFRS 15).

The Company measures loss allowances on amounts receivable at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

4 Summary of Significant Accounting Policies (continued)

e) *Financial instruments (continued)*

Impairment of financial assets and contract assets (continued)

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the consolidated statements of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities.

f) *Impairment of non-financial assets and intangible assets with a finite useful life*

The Company assesses office equipment and intangible assets – CARDS for impairment when facts and circumstances suggest that the carrying amount of these assets is impaired. An impairment review is undertaken when indicators of impairment arise.

Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows (Cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in profit or loss.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

4 Summary of Significant Accounting Policies (continued)

g) Revenue recognition

Revenue is recognized at the point in time when the customer obtains control of the service. Control is achieved when the service is performed for the customer, the Company has a present right to payment for the service, significant risks and rewards of ownership have transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the service. For contract services that last over a year, revenue is recognized over the duration of the contract.

The Company specializes in data mining, profiling, prediction and targeting and provides statistical and information consulting services and relevant analysis and reports to its customers. The Company's performance obligation relates to the creation and delivery of a report and map of layer (the "report") to the customer.

The Company transfers control of the report over time and, therefore, satisfies the performance obligation and recognizes revenue over time as the contract is being completed. Control is achieved during the report preparation process, when the Company has a present right to payment for services performed to date and significant risks and rewards of ownership have been transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the report.

The Company generally receives payment in two lump sum fee amounts:

- A non-refundable amount (typically 75% to 80%) payable upon execution of the Services Agreement (the "SA"); and
- The balance upon delivery of the report to the customer.

If the Company has received payment for revenues where the performance obligation has not been satisfied, the amount received is recognized as a contract liability in the consolidated statements of financial position until the performance obligation is satisfied.

Contract balances

Contract assets are recognized when goods or services are transferred to customers before consideration is received or before the Company has an unconditional right to payment for performance completed to date. Contract assets are subsequently transferred to receivables when the right of payment becomes unconditional. Contract liabilities are recognized when amounts are received from customers in advance of transfer of goods or services. Contract liabilities are subsequently recognized in revenue as or when the Company performs under contracts.

h) Office equipment

Office equipment is comprised of computer equipment and is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, applicable borrowing costs, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the consolidated statement of operations during the period in which they are incurred.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

4 Summary of Significant Accounting Policies (continued)

h) Office equipment (continued)

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its expected useful life.

Depreciation:

<u>Category</u>	<u>Years</u>	<u>Method</u>
Computer equipment	5	Straight line

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of operations in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of operations when the asset is derecognized.

Amortization:

<u>Category</u>	<u>Years</u>	<u>Method</u>
CARDS Software	5	Straight line

j) Exploration and evaluation assets and exploration and evaluation expenditures

All of the Company's projects are currently in the exploration and evaluation phase.

All exploration and evaluation expenditures are expensed in the consolidated statement of operations.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

4 Summary of Significant Accounting Policies (continued)

k) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions or contingent liabilities as at February 28, 2022 and February 28, 2021.

The Company's exploration and evaluation operations are governed by government environmental protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is a constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

The CARDS services warranty with respect to the quality of the report limits the Company's liability to the specific performance of a second time good faith and best efforts reprocessing of the customer's data using CARDS. The Company can either correct defects without any additional charge or effect an equitable reduction of the price paid or payable for the services and report, provided that the customer gives written notice of the defect within 30 days from the date that it becomes aware of the defect.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

l) Equity-settled share-based payment transactions

The Company operates equity-settled share-based remuneration plans (share options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issues warrants to brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless fair value cannot be reasonably estimated reliably. Where employees are rewarded using share-based payments, the fair value of the services rendered by the employees or a consultant providing similar services as employees is determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

4 Summary of Significant Accounting Policies (continued)

l) Equity-settled share-based payment transactions (continued)

No adjustment is made to any expense recognized in the prior period if the number of share options ultimately exercised is different from that estimated on vesting. Share-based payments incorporate an expected forfeiture rate.

All equity-settled share-based payments under equity-settled share-based payment plans, except warrants to brokers, are ultimately recognized as an expense in profit or loss with a corresponding credit to the contributed surplus reserve, in equity. At the same time, upon exercise of a share option, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in the contributed surplus reserve are then transferred to share capital. Warrants issued to brokers are recognized as an issuance cost of equity instruments with a corresponding credit to the warrants reserve, in equity.

m) Equity

Share capital represents the amount received upon the share issuance, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded in the contributed surplus and warrants reserves.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method.

Flow-through shares

The Company periodically issues flow-through shares to fund Canadian exploration programs with any resulting flow-through premium recorded as a flow-through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow-through premium is recorded as income. Based on Canadian tax law, the Company is required to spend the amounts raised on eligible exploration expenditures by the end of the year subsequent to the date the expenditures were renounced.

Other elements of equity

Reserves include the contributed surplus reserve and the warrants reserve.

Contributed surplus includes charges related to stock options. When stock options are exercised, the related compensation costs are transferred to share capital.

Warrants include the fair value on the issuance of warrants. When warrants are exercised, the related amount is transferred to share capital. Any revaluation of warrants based on the extension of the warrants' life, modification of exercise price, etc., issued in prior years are recorded directly in deficit. Deficit includes all current and prior period profits or losses.

n) Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

4 Summary of Significant Accounting Policies (continued)

n) Income tax (continued)

Current income tax assets and/or liabilities are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

However, since the Company currently has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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

o) Earnings (loss) per share

The Company presents basic and diluted earnings(loss) per share data for its common shares, calculated by dividing the earnings(loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings(loss) per share is determined by adjusting the earnings(loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted earnings(loss) per share does not include the effect of stock options and warrants as they are anti-dilutive.

p) Segmented reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors.

The Company has determined that it operates in two segments, being acquisition, exploration and development of mineral properties for economically recoverable reserves in Canada and generating revenue from providing services using the CARDS.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

4 Summary of Significant Accounting Policies (continued)

q) Standards, amendments and interpretations not yet effective

IAS 16, Property, Plant and Equipment - Proceeds before Intended Use

The amendment to IAS 16 prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in profit or loss. The Company does not expect the adoption of this new amendment to have a significant impact on the consolidated financial statements.

IAS 37, Provisions, Contingent Liabilities and Contingent Assets

The changes in Onerous Contracts — Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the adoption of this new amendment to have a significant impact on the consolidated financial statements.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

5 Critical Accounting Estimates and Judgments

Significant estimates, judgements and assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates, judgements and assumptions made, relate to, but are not limited to, the following:

Estimates

- The assessment of the ultimate collectability of accounts receivable and the determination of expected credit losses;
- The assessment of the timing of revenue recognition and the determination of contract liabilities; and
- The estimation of share-based compensation requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share price, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

Judgements

- The determination that no material restoration, rehabilitation and environmental obligations and liabilities existed based on the facts and circumstances; and
- The assessment of the Company's ability to execute its strategy by funding future working capital. Further information regarding going concern is outlined in Note 2.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

6 Asset Purchase Agreement

On March 13, 2017, the Company signed an Asset Purchase Agreement (the "Agreement") with Diagnos Inc. ("Diagnos") for the purchase of the assets from Diagnos' mining division, including the Computer Aided Resources Detection System (the "CARDS"), for total value of \$800,000.

Under the terms of the Agreement, the Company issued 8,000,000 common shares to Diagnos, at a price of \$0.10 per share, in payment for the acquisition of the assets, consisting of Diagnos' mining claims, mineral property royalty agreements and the CARDS.

Per the Agreement, the allocation of the purchase price was as follows:

CARDS	\$750,000
Mining claims (note 11)	26,000
Royalty agreements	24,000
	<u>\$800,000</u>

The Company will remit to Diagnos (i) 50% of any payment that the Company receives from the royalty agreements forming part of the acquired assets; and (ii) 5% of revenues generated by the commercialization of the CARDS in the mining sector activity (Note 19).

Subsequent to the Agreement date, the Company wrote down the royalty agreements to \$1, and incurred a loss on the write down in the amount of \$23,999.

7 Amounts Receivable / Prepaid Expenses

	2022 \$	2021 \$
Option payment receivable	10,000	20,000
GST/QST receivable	25,518	23,851
	<u>35,518</u>	<u>43,851</u>
Allowance for doubtful accounts	(10,000)	(20,000)
Net	<u>25,518</u>	<u>23,851</u>

As at February 28, 2022, the allowance for doubtful accounts provision was as follows:

	2022 \$	2021 \$
Balance – Beginning of year	20,000	57,000
Write-offs and recoveries (Note 18)	(10,000)	(37,000)
Balance – End of year	<u>10,000</u>	<u>20,000</u>

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

7 Amounts Receivable / Prepaid Expenses (continued)

On February 23, 2021, the Company entered into a consulting agreement with a consultant, whereby the consultant will provide the Company with social media and outreach strategy services for a period of six months. As compensation for providing these services, the consultant received a \$100,000 consulting fee. As at February 28, 2021, \$96,704 is included in prepaid expenses. In March 2021, the consultant paid \$100,000 and received 285,714 units as part of the Company's non-brokered private placement that closed on March 17, 2021 (Note 15).

8 Marketable Securities

Marketable securities

Marketable securities consist of equity securities of customers purchased by the Company and received as option payments by the Company and which it does not have control or significant influence over.

In 2020, the Company's SAs (Note 4 g) typically included a "Warranties and Covenants" clause whereby the customer warrants to the Company that the Company will participate in the next private placement of the customer with a minimum subscription amount equal to the price paid by the customer pursuant to the SA. During 2021, the nature of the SAs changed in that the Company is no longer acquiring shares of customers. In some instances, the customer has the option of making the second payment under the SA in cash or common shares.

Continuity table:

	2022 \$	2021 \$
Balance – beginning of year	1,368,179	393,534
Purchases	170,000	140,000
Received as option payments (Note 11)	-	115,000
Received as revenue	169,250	18,000
Dispositions	-	(30,000)
Unrealized gain (loss) on marketable securities	(443,939)	731,645
Balance – end of year	1,263,490	1,368,179

Windfall Geotek Inc.

Notes to consolidated financial statements

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8 Marketable Securities (continued)

As at February 28, 2022, the Company held the following marketable securities:

Company	Shares Held	Cost \$	Fair Value \$	Fair Value Increase (Decrease) \$
Big Tree Carbon Inc (Formerly AurCrest Gold Inc.) (6)	700,000	96,000	154,000	58,000
Blue Thunder Mining Inc.	1,250,000	50,000	31,250	(18,750)
BWR Exploration Inc. (1)	1,500,000	75,000	37,500	(37,500)
Power Nickel Inc. (Formerly Chilean Metals Inc.) (5)	1,400,000	140,000	224,000	84,000
Dios Exploration Inc (7)	1,000,000	91,250	60,000	(31,250)
Flow Metals Corp. (2)	1,100,000	115,000	38,500	(76,500)
Pacton Gold Inc. (3)	145,833	175,000	53,230	(121,770)
Playfair Mining Ltd.	2,000,000	100,000	200,000	100,000
Puma Exploration Inc. (4)	500,000	75,000	255,000	180,000
MacDonald Mines Exploration (8)	3,000,000	120,000	120,000	-
Quebec Precious Metals Corporation	562,553	123,762	90,010	(33,752)
		1,161,012	1,263,490	102,478

- (1) 750,000 share purchase warrants exercisable at \$0.075 per share for two years and \$0.10 per share for the third year were also received.
- (2) The Company received 100,000 common shares pursuant to the Option Agreement. On June 22, 2020, the company's shares were listed for trading on the Canadian Securities Exchange and the Company received 500,000 common shares. An additional 500,000 common shares were received on the first anniversary of the Option Agreement (Note 11).
- (3) 1,458,333 share purchase warrants exercisable at \$0.18 per share for two years were also received. On June 9, 2020, a 10 for 1 share consolidation reduced the number of shares held to 145,833.
- (4) 7,000,000 common shares were purchased and a 10 for 1 share consolidation reduced the number of shares held to 700,000. On November 17, 2020, the Company sold 200,000 shares for an amount of \$44,232 resulting in a \$14,232 realized gain.
- (5) 1,400,000 half share purchase warrants, (700,000 full warrants) exercisable at \$0.15 per share until September 27, 2022 were also received.
- (6) The Company received 400,000 common shares (2021 – 300,000 common shares) from Big Tree Carbon Inc. (Formerly AurCrest Gold Inc.) from a CARDS agreement signed on August 31, 2020.
- (7) The Company received 250,000 share purchase warrants exercisable at \$0.10 per share that expire on August 12, 2026.
- (8) The Company also received 1,500,000 share purchase warrant exercisable at \$0.07 per share that expire on November 9, 2023.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

8 Marketable Securities (continued)

Pursuant to a CARDS agreement signed on June 22, 2020, for each target that Durango Resources Inc. ("Durango") stakes or options from another company, the Company will receive a 2% net smelter return royalty ("NSR"). Durango will have the option to acquire 1% of this NSR for \$1,000,000 anytime within five years of the economic discovery.

The Company received 200,000 options from BTU Metals Corp., exercisable at \$0.30 for 18 months from a CARDS agreement signed on July 5, 2020. During the year ended February 28, 2022, these options expired unexercised

As at February 28, 2022, the Company held the following warrants on marketable securities:

Company	Number of purchase warrants held	Exercise price \$	Expiry Date
<u>Warrants</u>			
BWR Exploration Inc.	750,000	0.10	September 30, 2022
Power Nickel Inc. (Formerly Chilean Metals Inc.)	700,000	0.15	September 27, 2022
Puma Exploration Inc*	700,000	0.20	September 27, 2023
Dios Exploration Inc.	250,000	0.10	August 12, 2026
MacDonald Mines Exploration	1,500,000	0.07	November 9, 2023

*Puma Exploration Inc accelerated the expiry of these warrants. As a result, the Company exercised 700,000 warrants with an exercise price of \$0.20 on June 7, 2022.

Subscriptions Paid

As at February 28, 2022 (2021 – \$nil), \$100,000 is included in subscriptions paid, as follows:

- (1) On October 6, 2021, the Company subscribed for 1,000,000 units of Catalyst Mines Inc. at \$0.10 per common share for a total of cost of \$100,000.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

9 Office equipment

	2022 \$	2021 \$
Cost:		
Balance – Beginning of year	29,746	26,632
Additions during the year	3,802	3,114
Balance – End of year	33,548	29,746
Accumulated depreciation:		
Balance – Beginning of year	(8,591)	(3,108)
Additions during the year	(6,708)	(5,483)
Balance – End of year	(15,299)	(8,591)
Net book value:		
Balance – Beginning of year	21,155	23,524
Decrease during the year	(2,906)	(2,369)
Balance – End of year	18,249	21,155

10 Intangible asset – CARDS

	2022 \$	2021 \$
Cost:		
Balance – Beginning and end of year	750,000	750,000
Accumulated depreciation:		
Balance – Beginning of year	(600,000)	(450,000)
Additions during the year	(149,999)	(150,000)
Balance – End of year	(749,999)	(600,000)
Net book value:		
Balance – Beginning of year	150,000	300,000
Decrease during the year	(149,999)	(150,000)
Balance – End of year	1	150,000

See Note 6.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

11 Exploration and evaluation assets

Ashuanipi

On February 21, 2020, the Company entered into the Properties Option Agreement on the Ashuanipi Project (the "Option Agreement") with private company Flow Metals Corp. ("FM") pursuant to which FM was granted a sole and exclusive option to acquire a 100% undivided interest in the Company's rights, title and interest in and to the 115 claims comprising the Ashuanipi Gold Property. On April 21, 2020, the Company entered into an Amendment Agreement to the Option Agreement, whereby certain of the conditions were deleted and replaced.

On February 16, 2022, FM provided notice to the Company that it was returning the property and cancelling the Option Agreement.

During the year ended February 28, 2022, the Company received a \$30,000 cash payment from FM in connection with the Option Agreement and recognized a corresponding gain on disposal of mining assets.

During the year ended February 28, 2021, the Company received 1,100,000 common shares from FM in connection with the Option Agreement and recognized a gain on disposal of mining assets in the amount of \$115,000.

Windfall Geotek Inc.

Notes to consolidated financial statements

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(in Canadian dollars)

11 Exploration and evaluation assets (continued)

Chapais

On September 30, 2021, the Company entered into a property option agreement ("Option Agreement 2") with a private company ("GPR"), pursuant to which GPR was granted the option to earn up to an undivided 90% interest in and to the 36 claims comprising the Chapais project. In order for GPR to acquire an undivided 90% interest in the claims, it must:

- Pay \$100,000 in cash and issue 1,000,000 common shares to the Company within 90 days of the date of Option Agreement 2;
- Pay \$25,000 in cash and issue 200,000 common shares to the Company within 100 days of the date of Option Agreement 2;
- Pay \$250,000 in cash and issue that number of common shares to the Company such that the total number of common shares issued to the Company is equal to 20% of all of the issued and outstanding common shares of the resulting issuer (the "Participation Interest") and incurring \$200,000 in work commitment expenditures ("WCE", and as defined) on or before January 31, 2022 and upon completion of a going public transaction (as defined), whereafter GPR will have earned a 51% legal and beneficial interest in the claims;
- Incur \$200,000 in additional WCE on or before September 30, 2022, whereafter GPR will have earned a 75% legal and beneficial interest in the claims;
- Pay \$250,000 in cash on or before September 30, 2023; and
- Incur \$250,000 in additional WCE on or before December 31, 2023, whereafter GPR will have earned a 90% legal and beneficial interest in and to the claims.

GPR may, at its option, accelerate all payments of cash or issuance of common shares provided that accelerated WCE incurred by GPR will be carried over and credited to GPR only upon the next due date for WCE. IF GPR exercises the option, the Company is entitled to a 1% NSR. The Company has the right, at any time, to purchase an additional 1% NSR from GPR for \$500,000. Upon GPR completing the above-noted requirements, to acquire any interest in the property, whether 51%, 75% or 90%, GPR will be deemed to have exercised the applicable portion of the option in full and the Company will assign and transfer 90% of the claims to a wholly-owned subsidiary of GPR. Upon conclusion of the option period, the Company and GPR will negotiate and enter into a joint venture agreement regarding the development and exploitation of the property.

The Company is entitled to appoint or elect one nominee to the board of directors of GPR and/or the resulting issuer and the right, but not the obligation to participate in any issuance and sale of common shares, directly or indirectly, completed by the resulting issuer following the going public transaction to maintain its Participation Interest in the resulting issuer. GPR has the right to terminate Option Agreement 2 at any time without any further obligation to the Company and any payments made will be retained by the Company. This transaction is subject to Exchange approval.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

11 Exploration and evaluation assets (continued)

During the year ended February 28, 2022, the Company invested \$10,000 in common shares of GPR. GPR has not met the obligations of Option Agreement 2 and has been unresponsive. As a result, the Company has written off the \$10,000 during the year ended February 28, 2022. It is uncertain whether the terms of the property option agreement will be fulfilled.

Corallen Lake

On July 16, 2021, the Company entered into a property option agreement ("Option Agreement 3") with Golden Eye Resources Corp. ("GER"), pursuant to which GER was granted the option to earn up to an undivided 95% interest in the 348 claims comprising the Corallen Lake property. In order for GER to acquire an undivided 95% interest in the claims, it must:

- Pay \$250,000 in cash and issue 3,000,000 common shares to the Company within 30 days following receipt of approval from the Exchange;
- On or before December 31, 2021, incurring two hundred thousand dollars (\$200,000) in WCE whereafter the optionee shall have earned 25% legal interest in the property;
- On or before December 31, 2022, entering into a master services agreement ("MSA") with the Company to provide services for artificial intelligence for \$150,000 pursuant to the MSA and incurring an additional \$300,000 in WCE whereafter the optionee shall have earned in total, 50% legal interest in the property;
- On or before December 31, 2023, hiring the Company to provide services for artificial intelligence for \$150,000 pursuant to the MSA and incurring an additional \$400,000 in WCE whereafter the optionee shall have earned in total, 75% legal interest in the property; and
- On or before December 31, 2024, pay \$150,000 in cash for the Company to provide services for artificial intelligence and incurring an additional \$450,000 in WCE whereafter the optionee shall have earned in total, 95% legal interest in the property.

Upon exercise of the option, the Company shall become entitled to a 2% NSR.

Upon conclusion of the option period, the Company and GPR will negotiate and enter into a joint venture agreement regarding the development and exploitation of the property.

In the event GER acquires, by way of an asset purchase, joint-venture, option any or any right to acquire any part of the area of interest, as defined in the Option Agreement 3, the Company shall become entitled to a 0.5% NSR on such area of interest.

GER has not met the obligations of the property option agreement and has been unresponsive. It is uncertain whether the terms of the property option agreement will be fulfilled.

Windfall Geotek Inc.

Notes to consolidated financial statements

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11 Exploration and Evaluation Assets (continued)

Ontario properties

At February 28, 2022, the Company owns a total of 5,240 claims in the province of Ontario.

Quebec properties

At February 28, 2022, the Company owns a total of 1,078 claims in the province of Quebec.

New Brunswick properties

At February 28, 2022, the Company owns a total of 11 claims in the province of New Brunswick.

Exploration and Evaluation Expenditures

During the years ended February 28, 2022 and 2021, the Company incurred the following expenses relating to its mineral claims:

	2022	2021
Claim staking	\$ 432,487	\$ 151,169
Geological consulting	121,599	-
Geophysics	460,000	-
	<u>\$ 1,014,086</u>	<u>\$ 151,169</u>

12 Accounts Payable and Accrued Liabilities

	2022 \$	2021 \$
Accounts payable (Note 19)	52,158	48,424
Accrued liabilities (Note 19)	79,167	79,250
	<u>131,325</u>	<u>127,674</u>

13 Contract liabilities

	2022 \$	2021 \$
Balance – Beginning of year	79,000	77,963
Payments for revenue prior to performance obligation	-	79,000
Recognized as revenue	(79,000)	(77,963)
Balance – End of year	<u>-</u>	<u>79,000</u>

Windfall Geotek Inc.

Notes to consolidated financial statements

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(in Canadian dollars)

14 CEBA loan

On April 27, 2020, the Company received, through the Bank of Montreal, a \$40,000 loan ("Principal"). During the initial term expiring on December 31, 2023, the Company is not required to repay any portion of the loan and no interest will be paid. The loan can be repaid at any time without penalty. If the Company repays at least 75% of the loan on or before December 31, 2023, the remaining balance of the loan will be forgiven ("Early Repayment Forgiveness"). During the extended term starting January 1, 2023 and expiring on December 31, 2025, the Company will pay interest at the rate of 5% on a monthly basis. In the event there is no Early Repayment Forgiveness, the Principal must be repaid in full on December 31, 2025. Commencing January 15, 2021, the Company began repaying the CEBA loan.

15 Share Capital and Warrants

a) Share issuance

Fiscal 2022

- (i) On March 17, 2021, the Company completed a non-brokered private placement by issuing 10,000,080 units of the Company for gross proceeds of \$3,500,000. Each unit consists of (i) one common share at a price of \$0.35 per common share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.50 per common share for a period of 24 months expiring on March 17, 2023.

In connection with the private placement, the Company paid total cash issuance costs of \$37,554.

The 10,000,080 warrants issued in connection with this private placement have been recorded at a value of \$1,408,398 based on the proportional method using the Black Scholes pricing model, using the following assumptions: share price of \$0.38, an average exercise price of \$0.50, risk free interest rate of 0.27%, expected life of warrants of 2 years, annualized volatility rate of 150% and a dividend rate of 0%.

Fiscal 2021

- (i) On January 20, 2021, the Company completed a non-brokered private placement by issuing 9,996,667 units of the Company for gross proceeds of \$599,800. Each unit consisted of (i) one common share at a price of \$0.06 per common share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.08 per common share for a period of 24 months expiring January 20, 2023.

In connection with the private placement, the Company paid total cash issuance costs of \$3,749.

The 9,996,667 warrants issued in connection with this private placement have been recorded at a value of \$261,707 based on the proportional method using the Black Scholes pricing model, using the following assumptions: share price of \$0.11, an average exercise price of \$0.08, risk free interest rate of 0.16%, expected life of warrants of 2 years, annualized volatility rate of 157% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

15 Share capital and warrants (continued)

- (ii) On June 12, 2020, the Company completed a non-brokered private placement by issuing 6,740,000 units of the Company for gross proceeds of \$337,000. Each unit consisted of (i) one common share at a price of \$0.05 per common share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.07 per common share for a period of 24 months expiring June 12, 2022.

In connection with the private placement, the Company paid total cash issuance costs of \$2,435.

The 6,740,000 warrants issued in connection with this private placement have been recorded at a value of \$139,183 based on the proportional method using the Black Scholes pricing model, using the following assumptions: share price of \$0.07, an average exercise price of \$0.07, risk free interest rate of 0.28%, expected life of warrants of 2 years, annualized volatility rate of 147.4% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

b) Warrants Exercised

Fiscal 2022

- i. On January 19, 2022, 8,400,000 warrants were exercised at \$0.07 for gross proceeds of \$588,000. As a result, \$180,053 was allocated to share capital from warrant reserve.
- ii. On June 25, 2021, 100,000 warrants were exercised at \$0.08 for gross proceeds of \$8,000. As a result, \$2,618 was allocated to share capital from warrant reserve.
- iii. On August 19, 2021, 200,000 warrants were exercised at \$0.08 for gross proceeds of \$16,000. As a result, \$5,236 was allocated to share capital from warrant reserve.
- iv. On May 28, 2021, 1,600,000 warrants were exercised at \$0.08 for gross proceeds of \$128,000. As a result, \$41,887 was allocated to share capital from warrant reserve.
- v. On March 11, 2021, 40,000 warrants were exercised at \$0.07 for gross proceeds of \$2,800. As a result, \$835 was allocated to share capital from warrant reserve.
- vi. On March 11, 2021, 1,240,000 warrants were exercised at \$0.05 for gross proceeds of \$62,000. As a result, \$27,297 was allocated to share capital from warrant reserve.
- vii. On March 11, 2021, 300,000 warrants were exercised at \$0.07 for gross proceeds of \$21,000. As a result, \$6,265 was allocated to share capital from warrant reserve.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

15 Share capital and warrants (continued)

Fiscal 2021

- (i) During January and February 2021, 1,750,000 warrants were exercised at \$0.07 for gross proceeds of \$122,500. An amount of \$36,138 representing the fair value allocated at the date of issue for the warrants was reclassified from the warrants reserve to share capital.
- (ii) During January and February 2021, 5,360,000 warrants were exercised at \$0.05 for gross proceeds of \$268,000. An amount of \$117,994 representing the fair value allocated at the date of issue for the warrants was reclassified from the warrants reserve to share capital.
- (iii) During January and February 2021, 900,000 warrants were exercised at \$0.07 for gross proceeds of \$63,000. An amount of \$19,416 representing the fair value allocated at the date of issue for the warrants was reclassified from the warrants reserve to share capital.

c) Changes in Company warrants are as follows:

	Number of warrants	Weighted average exercise price
Balance, February 29, 2020	17,436,180	\$ 0.06
Exercised	(8,010,000)	0.06
Issued	16,736,667	0.08
Balance, February 28, 2021	26,162,847	\$ 0.07
Exercised	(11,880,000)	0.07
Issued	10,000,080	0.50
Balance, February 28, 2022	24,282,927	\$ 0.25

The weighted average contractual life of all warrants outstanding as at February 28, 2022, is 2.15 years (2021 – 1.44 years).

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

Number of warrants	Exercise price	Expiry Date
1,536,180	\$ 0.095	April 11, 2024
4,650,000	0.07	June 12, 2022
8,096,667	0.08	January 20, 2023
10,000,080	0.50	March 17, 2023
24,282,927		

See Note 26.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

16 Share-based payments

The Company has a stock option plan whereby the Board of Directors may grant to directors, officers or consultants of the Company options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a “rolling” stock option plan (the “Plan”) reserving a maximum of 10% of the shares of the Company at the time of the stock option grant, with a vesting period allowed of zero up to 18 months, when the grant of option is made at market price, for the benefit of its directors, officers, employees and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee or consultant of the Company and between three and 12 months after the beneficiary has left.

The changes to the number of stock options granted by the Company and their weighted average exercise price are as follows:

	2022		2021	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Stock options				
Balance – Beginning of year	4,150,000	0.08	4,200,000	0.08
Granted	5,300,000	0.29	2,850,000	0.09
Exercised	(750,000)	0.07	(2,900,000)	0.09
Balance – End of year	8,700,000	0.10	4,150,000	0.08
Options exercisable – End of year	7,762,500	0.10	4,150,000	0.08

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

16 Share-based payments (continued)

As at February 28, 2022, the Company had the following stock options outstanding:

Expiry date	Exercise price \$	Options granted	Number of options exercisable	Remaining contracts life (years)
May 22, 2022	0.10	1,000,000	1,000,000	0.23
May 31, 2022	0.10	250,000	250,000	0.25
September 18, 2023	0.05	800,000	800,000	1.55
November 25, 2024	0.07	50,000	50,000	2.74
July 7, 2025	0.09	1,300,000	1,300,000	3.36
March 23, 2026	0.10	2,500,000	2,500,000	4.07
March 29, 2026	0.10	1,300,000	1,300,000	4.08
April 20, 2026	0.42	200,000	200,000	4.14
May 11, 2026	0.30	105,000	-	4.20
October 8, 2026	0.165	45,000	-	4.61
December 22, 2026	0.095	900,000	300,000	4.82
February 1, 2027	0.085	250,000	62,500	4.93
		<u>8,700,000</u>	<u>7,762,500</u>	<u>3.28</u>

See Note 26.

a) Options Granted

Fiscal 2022

- (i) On March 23, 2021, the Company granted 2,500,000 options to the Chief Technical Officer ("CTO"). The options are exercisable for five years at an exercise price of \$0.365 per option. These options were subsequently repriced to \$0.10 per option. The options vest in four equal tranches with 25% vesting on March 23rd and 25% on each of June 30, 2021, September 30, 2021 and December 31, 2021. As a result, \$817,677 has been recognized as share-based compensation in the consolidated statement of operations.
- (ii) On March 29, 2021, the Company granted 1,300,000 options to Officers and employees. The options are exercisable for five years at an exercise price of \$0.295 per option. These options were subsequently repriced to \$0.10 per option. As a result, \$348,423 has been recognized as share-based compensation in the consolidated statement of operations.
- (iii) On April 20, 2021, the Company granted 200,000 options to a consultant. The options are exercisable for five years at an exercise price of \$0.42 per option. As a result, \$75,778 has been recognized as share-based compensation in the consolidated statement of operations.
- (iv) On May 11, 2021, the Company granted 105,000 options to employees. The options are exercisable for five years at an exercise price of \$0.30 per option. The options vest in three equal tranches with one-third vesting on each of the first, second and third year of employment. As a result, \$20,750 has been recognized as share-based compensation in the consolidated statement of operations.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

16 Share-based payments (continued)

- (v) On October 8, 2021, the Company granted 45,000 options to an employee. The options are exercisable for five years at an exercise price of \$0.165 per option. The options vest in three equal tranches with one-third vesting on each of the first, second and third year of employment. As a result, \$1,572 has been recognized as share-based compensation in the consolidated statement of operations.
- (vi) On December 22, 2021, the Company granted 900,000 options to a director. The options are exercisable for five years at an exercise price of \$0.095 per option. The options vest in three equal tranches with one-third vesting on the grant date and one-third vesting on each of the second and third year anniversaries. As a result, \$37,599 has been recognized as share-based compensation in the consolidated statement of operations.
- (vii) On February 1, 2022, the Company granted 250,000 options to an officer. The options are exercisable for five years at an exercise price of \$0.085 per option. The options vest in four equal tranches with one-quarter vesting on the grant date and one-quarter vesting every six months from the date of grant. As a result, \$7,098 has been recognized as share-based compensation in the consolidated statement of operations.

Fiscal 2021

- (i) On July 7, 2020, the Company granted 2,850,000 options to officers, employees and consultants. The options are exercisable for five years at an exercise price of \$0.09 per option. The stock options have a Black-Scholes option pricing value of \$120,350 which has been expensed in the consolidated statement of operations.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

16 Share-based payments (continued)

b) Options exercised

Fiscal 2022

- (i) On March 9, 2021, 100,000 stock options were exercised at a price of \$0.09 per share for gross proceeds of \$9,000. An amount of \$8,300 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- (ii) On April 12, 2021, 400,000 stock options were exercised at a price of \$0.07 per share for gross proceeds of \$28,000. An amount of \$26,343 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- (iii) On April 16, 50,000 stock options were exercised at an average price of \$0.07 per share for gross proceeds of \$3,500. An amount of \$3,328 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- (iv) On October 18, 200,000 stock options were exercised at an average price of \$0.07 per share for gross proceeds of \$14,000. An amount of \$13,171 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.

Fiscal 2021

- (i) During February 2021, 1,450,000 stock options were exercised at an average price of \$0.09 per share for gross proceeds of \$130,500. An amount of \$120,350 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- (ii) During February 2021, 150,000 stock options were exercised at a price of \$0.07 per share for gross proceeds of \$10,500. An amount of \$9,984 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- (iii) During February 2021, 950,000 stock options were exercised at an average price of \$0.11 per share for gross proceeds of \$104,500. An amount of \$105,082 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.
- (iv) During February 2021, 350,000 stock options were exercised at a price of \$0.07 per share for gross proceeds of \$24,500. An amount of \$16,552 representing the fair value allocated at the date of issue for the options was reclassified from the contributed surplus reserve to share capital.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

16 Share-based payments (continued)

During the years ended February 28, 2022 and February 28, 2021, share-based compensation fair value was calculated on options based on the following assumptions:

Grant Date	February 1 2022	December 22 2021	October 8 2021	May 11 2021
Number of options	250,000	900,000	45,000	105,000
Exercise price	\$0.085	\$0.095	\$0.165	\$0.30
Risk free interest	1.57%	1.19%	1.37%	0.73%
Expected volatility	138.11%	138.49%	139.22%	145.04%
Expected life (years)	5	5	5	5
Estimated fair value per option	\$0.089	\$0.098	\$0.146	\$0.269
Estimated fair value	\$22,309	\$88,161	\$6,567	\$28,256
Forfeiture rate	0.00%	0.00%	0.00%	0.00%

Grant Date	April 20 2021	March 29 2021	March 23 2021	July 7, 2020
Number of options	200,000	1,300,000	2,500,000	2,850,000
Exercise price	\$0.42	\$0.295	\$0.365	\$0.09
Risk free interest	0.73%	0.74%	0.73%	0.35%
Expected volatility	147.25%	150.17%	150.47%	159.52%
Expected life (years)	2	5	5	5
Estimated fair value per option	\$0.379	\$0.268	\$0.327	\$0.093
Estimated fair value	\$75,778	\$348,423	\$817,678	\$236,550
Forfeiture rate	0.00%	0.00%	0.00%	0.00%

The underlying expected volatility was determined by reference to historical data of the Company's shares on the Exchange over the expected average life of the options. No special features inherent in the options granted were incorporated into measurement of fair value.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

17 Earnings (Loss) per share

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: warrants and stock options. For both, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's outstanding shares for the year), based on the exercise prices attached to the warrants and stock options. The number of shares calculated above is compared with the number of shares that would have been issued assuming exercise of the warrants and stock options.

The calculation of basic and diluted earnings (loss) per share is based on the net income or loss for the year divided by the weighted average number of shares outstanding during the same period.

	2022 \$	2021 \$
Net income (loss) for the year	(5,368,151)	85,814
Basic weighted average number of common shares outstanding	123,721,712	88,718,169
Dilutive share options and warrants	-	7,165,336
Weighted average number of shares outstanding for diluted earnings (loss) per share	123,721,712	95,883,505
Basic earnings (loss) per share	(0.04)	0.00
Diluted earnings (loss) per share	(0.04)	0.00

18 General and administration

	2022 \$	2021 \$
Bad debts (Note 7)	10,000	37,000
Consulting fees and salaries (Note 19)	(905,153)	(275,442)
Travel and promotion	(1,436,567)	(94,213)
Shareholder information	(65,684)	(66,139)
Professional fees (Note 19)	(530,027)	(276,992)
General & Administration	(86,803)	(53,579)
	(3,014,234)	(729,365)

19 Related party balances and transactions

Related parties include the Board of Directors and key management personnel as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. These transactions were measured by the exchange amount that is the amount agreed upon by the transacting parties.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

19 Related party balances and transactions (continued)

(a) Transactions with key management personnel

Remuneration of key management personnel of the Company was as follows:

	2022 \$	2021 \$
Consulting fees	262,000	122,000
Commissions	11,800	3,500
Commissions – CARDS (CEO)	-	43,775
Salaries and benefits (CEO)	182,692	120,000
Share-based compensation	1,076,788	161,850
	<u>1,533,280</u>	<u>451,125</u>

As at February 28, 2022, directors and key management personnel were owed \$23,778 (2021 - \$16,922), which is included in accounts payables and accrued liabilities.

The Company has entered into the following transactions with key management personnel:

On April 23, 2019, the Company entered into a Services Agreement (the “Agreement”) with a consultant for the provision of the specified services which include acting as the Chairman of the Company’s Board of Directors. Pursuant to the Agreement, the consultant received a grant of 800,000 stock options, will receive a fee of \$5,000 per month as compensation and a bonus will be considered when the Company’s share price reaches \$0.35 and, thereafter, \$0.45. Either party can terminate the Agreement (i) for convenience on the 30th day after giving written notice of termination or (ii) immediately for breach by giving written notice of termination. Within 30 days after the effective date of termination, the Company must pay all amounts owing to the consultant for services completed and accepted by the Company prior to the termination date. The term of the Agreement will continue until the later of the one-year term or such other date as may be agreed upon. On March 15, 2021, the consultant was appointed interim Chief Executive Officer (“CEO”) of the Company.

On March 1, 2020, the Company entered into a work agreement (the “WA”) to retain the services of the employee as CEO and President of the Company. Pursuant to the WA, the CEO will receive an annual base salary of \$120,000 and he is entitled to additional remuneration, being a bonus and commissions as follows:

- an annual performance bonus equal to 10% of total sales, from CARDS service contracts and/or data mining projects signed by him, for which cash has been received when the level of cash receipts from sales exceeds \$300,000 before taxes during each fiscal year; and
- a 10% commission on sales of Cards services.

The CEO can terminate the WA by giving four weeks written notice. The Company can terminate the WA unilaterally and at its discretion, by paying the CEO 12 month’s salary. In the event of termination resulting from a change of control, the Company will pay the CEO an amount equal to 12 months of the average monthly salary during the last 24 months preceding the termination of the WA. Additionally, the Company will be required to pay an amount equal to the exercise price of each option category multiplied by the number of options held the day before the change of control date. On that date, the CEO will exercise his options, the Company will retain the proceeds and the corresponding number of shares will be issued to the CEO. The WA is effective for an indefinite period.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

19 Related Party Balances and Transactions (continued)

(a) Transactions with key management personnel (continued)

On March 15, 2021, the employee resigned as CEO and President of the Company and the WA was amended as follows:

- his title was changed to Director of Sales;
- he is entitled to a commission of 20% of the cash portion of sales of CARDS services and/or data mining projects signed by him where the cash portion exceeds \$100,000;
- he is entitled to an annual salary of \$160,000 for the next 12 months; and
- since March 15, 2022, the Director of Sales has remained employed by the Company and is actively carrying out his duties. The Company is working to formalize an extension to the original agreement with the same annual salary.

On March 1, 2020, the Company entered into a consulting agreement (the “CA”) to retain the services of a consultant as the now former Chief Financial Officer (“Former-CFO”) of the Company. Pursuant to the CA, the consultant received a fee of \$1,000 per month as total compensation. During the year ended February 28, 2022, the Company provided written notice to terminate the CA, effective January 31, 2022, and paid the Former-CFO \$3,000 upon termination.

On March 1, 2020, the Company entered into a consulting agreement (“CA2”) with a company controlled by the Former-CFO of the Company to provide the specified services. Pursuant to CA2, the consultant received a fee of \$5,000 per month as total compensation. On March 25, 2021, CA2 was amended to increase the monthly fee to \$9,500 effective March 1, 2021. During the year ended February 28, 2022, the Company provided written notice to terminate the CA2, effective January 31, 2022, and paid the Former-CFO \$28,500 upon termination.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

19 Related Party Balances and Transactions (continued)

(a) Transactions with key management personnel (continued)

Effective March 15, 2021, the Company entered into a work agreement ("WA2") to retain the services of the employee as CTO and President of the Company. Pursuant to WA2, the CTO will receive an annual base salary of \$190,000 and is entitled to additional remuneration, being a bonus plan that is equal to no less than 25% of the previous 12 months compensation. The CTO can terminate WA2 by giving four weeks written notice. The Company can terminate WA2 unilaterally and at its discretion by paying the CTO six month's salary or as is provided by common law, whichever is greater, options and a four-week notice period. WA2 is effective for an indefinite period until terminated by either the Company or the employee. Additionally, all options received by the CTO over a predefined vesting schedule will vest immediately and he may, at his sole discretion, exercise the options. In the event of termination resulting from a change of control, the Company will pay the CTO an amount equal to six months of the average monthly salary during the last 12 months preceding the termination of WA2. In the event of a change of control and/or and a change in his duties, the same provisions for his options as described above will apply. On March 23, 2021, the Company granted 2,500,000 options to the CTO. The options are exercisable for five years at an exercise price of \$0.365 per option. The options vested in four equal tranches with 25% vesting upon execution of WA2 and 25% on each of June 30, 2021, September 30, 2021 and December 31, 2021.

On January 17, 2022, the Company entered into a consulting agreement ("CA3") with a company controlled by the Chief Financial Officer ("CFO") of the Company to provide the specified services. Pursuant to CA3, the consultant will receive a fee of \$6,000 per month as total compensation. The consultant can terminate CA3 by proving 90 day written notice to the Company. The Company can terminate CA3 by giving written notice and paying the consultant three times the monthly fee. In the event of termination resulting from a change of control, the Company will pay the consultant an amount equal to three times the monthly fee. CA3 is effective for an indefinite period.

As at February 28, 2022, a related company was owed \$nil (2021 - \$14,772), which is included in accounts payable and accrued liabilities.

	2022 \$	2021 \$
Diagnos – consulting fees	-	133,727
Diagnos – commissions – CARDS	-	32,025
	-	165,752

The Company and Diagnos shared a common director until September 1, 2020 and the Company pays a commission of 5% of CARDS revenue to Diagnos pursuant to the Agreement (Note 6).

During the year ended February 28, 2022, the Company received \$nil (2021 - \$115,000) in revenue from a company controlled by a director of the Company.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

20 Income tax

The Company's income tax provision consists of the following reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective rate as follows:

	2022 \$	2021 \$
Net income (loss) before income taxes	(5,368,151)	85,814
Expected income taxes payable (recovery)	(1,449,401)	23,170
Other permanent and temporary differences	754,279	(50,816)
Change in benefit of tax assets not recognized	695,122	27,646
Income tax expense (recovery)	-	-

As at February 28, 2022 and February 28, 2021 the amounts of deductible temporary differences for which no deferred tax assets were recognized, were as follows:

	2022 \$	2021 \$
Income tax loss carry forward	14,585,000	11,732,000
Capital losses carried forward	8,916,000	8,906,000
Resource properties	7,981,000	7,284,000
Fixed and intangible assets	790,000	633,000
Royalty agreements	24,000	24,000
Share issue costs	40,000	21,000
Investments	(102,000)	(546,000)
	32,234,000	28,054,000

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

20 Income tax (continued)

As at February 28, 2022, the Company has income tax non-capital loss carry forwards for which no deferred tax asset has been recorded in the consolidated statements of financial position that can be carried forward over the following years:

Year incurred	Federal \$	Expiration
2006	626,000	2026
2007	827,000	2027
2008	945,000	2028
2009	1,183,000	2029
2010	792,000	2030
2011	1,395,000	2031
2012	1,379,000	2032
2013	1,088,000	2033
2014	479,000	2034
2015	685,000	2035
2016	184,000	2036
2017	252,000	2037
2018	871,000	2038
2019	531,000	2039
2020	386,000	2040
2021	407,000	2041
2022	2,555,000	2042
	<u>14,585,000</u>	

21 Segmented information

The Company has determined that it operates in two segments, being acquisition, exploration and development of mineral properties for economically recoverable reserves in Canada and providing services using CARDS.

22 Capital management policies and procedures

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties and to further develop its CARDS consulting services business as described in Notes 4g and Note 8. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity attributable to equity holders of the parent company, which is comprised of share capital, reserves and deficit which as at February 28, 2022, totalled a surplus of \$3,139,360 (2021 – a surplus of \$2,955,840).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities.

Windfall Geotek Inc.

Notes to consolidated financial statements

For the years ended February 28, 2022 and February 28, 2021

(in Canadian dollars)

22 Capital management policies and procedures (continued)

In order to carry out its business plans and pay for general and administration costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) minimizing discretionary disbursements;
- (ii) focusing financing exploration expenditures on those properties considered to have the best potential; and
- (iii) Exploring alternative sources of liquidity by providing services using CARDS.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company thinks there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended February 28, 2022 and the year ended February 28, 2021.

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23 Financial instruments

Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of operations. For assets, those categories are amortized cost, FVTPL and FVTOCI and, for liabilities, amortized cost and FVTPL. The following table shows the carrying values of assets and liabilities for each of these categories as at February 28, 2022 and February 28, 2021.

Financial instruments	2022 \$	2021 \$
Assets – Amortized cost		
Cash	1,873,426	1,516,723
Amounts receivable (except GST/QST)	2,500	-
	<u>1,875,926</u>	<u>1,516,723</u>
Assets – FVTPL		
Marketable securities	1,358,490	1,368,179
	<u>3,234,416</u>	<u>2,884,902</u>
Liabilities – Amortized cost		
Accounts payable and accrued liabilities	111,821	127,674
CEBA loan	10,000	35,000
	<u>121,821</u>	<u>162,674</u>

As at February 28, 2022, the carrying values of cash, accounts receivable (except GST/QST), accounts payable and accrued liabilities and CEBA loan approximate their fair value due to their relative short maturities.

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized at fair value in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities and CEBA loan. As at February 28, 2022 and February 28, 2021, marketable securities were categorized as level 1.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. As at February 28, 2022 and February 28, 2021, no financial assets and liabilities were categorized as level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data. As at February 28, 2022 and February 28, 2021, no financial assets and liabilities were categorized as level 3.

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(in Canadian dollars)

24 Financial risks factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, fair value risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash and amounts receivable (except GST/QST). The Company reduces its credit risk by maintaining part of its cash in financial instruments held with a Canadian chartered bank.

The Company's management considers that financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements.

ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Management estimates that the funds as at February 28, 2022 will be sufficient to meet the Company's obligations and budgeted expenditures for the next twelve months. Any additional funding may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Cash flow forecasting is performed by the Company which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Surplus cash over and above balances required for working capital management are invested in interest bearing short-term deposits with a maturity within months, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. Accounts payable and accrued liabilities as at February 28, 2022 consist of items that should be settled within approximately 30 days.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

a) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is therefore not exposed to fluctuations in the value of assets and liabilities as they are denominated in Canadian dollars.

b) Equity price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

As at February 28, 2022, the Company holds shares of publicly listed companies (Note 8). The Company is exposed to market risk from unfavourable or favourable market conditions.

Windfall Geotek Inc.

Notes to consolidated financial statements

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(in Canadian dollars)

25 Commitments and contingencies

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

26 Events after the reporting period

Events subsequent to the year end that are not disclosed elsewhere in these financial statements are as follows:

- On March 17, 2022, the Company entered into a property option agreement with a private Canadian company ("Private-Co"), pursuant to which Private-Co was granted the option to earn up to an undivided 90% interest in the 20 claims comprising the Marshall Lake property. In order for Private-Co to acquire an undivided 90% interest in the claims, it must:
 - Pay \$10,000 in cash to the Company and incur \$75,000 in WCE within 30 days following the effective date of the option agreement whereafter the optionee shall have earned 20% legal interest in the property;
 - On or before March 17, 2023, pay \$10,000 in cash to the Company and incur an additional \$100,000 in WCE whereafter the optionee shall have earned 40% legal interest in the property; and
 - On or before March 17, 2024, pay \$10,000 in cash to the Company and incur an additional \$150,000 in WCE whereafter the optionee shall have earned 90% legal interest in the property.

Upon exercise of the option, the Company shall become entitled to a 2% NSR.

Upon conclusion of the option period, the Company and Private-Co will negotiate and enter into a joint venture agreement regarding the development and exploitation of the property.

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(in Canadian dollars)

26 Events after the reporting period (continued)

- On March 18, 2022, the Company sold 880 claims in northern Ontario for total proceeds of \$300,000 cash (received) plus a 2% NSR. The purchaser can buy back 1% of the NSR for \$1,000,000.
- On May 11, 2022, the Company granted 1,655,000 options to certain directors, officers, consultants and employees of the Company to purchase an aggregate of 1,655,000 common shares exercisable for a period of up to five years from the date of grant at an exercise price of \$0.075. The options vest 100% on the date of grant.
- On May 22, 2022, 1,000,000 options with an exercise price of \$0.10 expired unexercised.
- On May 31, 2022, 250,000 options with an exercise price of \$0.10 expired unexercised.
- On June 7, 2022, the Company paid Puma Exploration Inc \$140,000 to exercise 700,000 share purchase warrants exercisable at \$0.20 per common share (Note 8).
- On June 12, 2022, 900,000 warrants with an exercise price of \$0.07 were exercised for total proceeds of \$63,000.
- On June 12, 2022, 3,750,000 warrants with an exercise price of \$0.07 expired unexercised.