GIGAMETALS CORPORATION

Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

Expressed in Canadian Dollars

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Independent Auditor's Report

To the Shareholders of Giga Metals Corporation

Opinion

We have audited the consolidated financial statements of Giga Metals Corporation (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our 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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2022. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Asset Retirement Obligations

We draw attention to Note 2 to the consolidated financial statements. The Group recognizes asset retirement obligations (“ARO”) for future reclamation efforts related to its Turnagain Cobalt Nickel Project.

Why the Matter is a Key Audit Matter

We identified the Group's ARO as a key audit matter due to: (i) the significant judgment and estimate made by management in determining this obligation, including the assessment of the nature and extent of future work to be performed, the future cost of performing the rehabilitation work, and the timing of when the rehabilitation will take place; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures related to the significant assumptions; and (iii) the audit effort that involved the use of professionals with specialized skill and knowledge in the subject matter.

How the Key Audit Matter was Addressed in the Audit

In responding to the key audit matter, we performed the following audit procedures:

- Obtaining an understanding of management's process to develop their ARO estimate;
- Engaging a subject matter expert to assist us in evaluating the assumptions, methodology, and data used by the Company;
- Evaluating the methodology used and testing the significant assumptions in the ARO calculations;
- Performing recalculation to verify the accuracy of the estimate; and
- Evaluating the adequacy of the Group's disclosures relating to ARO.

Other Information

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

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group’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 Group’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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 24, 2023

Giga Metals Corporation
Consolidated Statements of Financial Position
As at December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents		7,234,134	1,493,365
Receivables	3	75,097	279,526
Prepaid expenses and deposits		184,878	160,335
		7,494,109	1,933,226
Non-current assets			
Reclamation deposits		424,000	424,000
Equipment and right of use assets	4	282,029	182,657
Exploration and evaluation assets	5	17,039,792	12,445,756
		17,745,821	13,052,413
TOTAL ASSETS		**25,239,930**	**14,985,639**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	613,221	341,225
Lease obligation – short-term	7	92,347	101,707
		705,568	442,932
Non-current liabilities			
Lease obligation – long-term	7	139,481	27,505
Loan	8	40,000	40,000
Asset retirement obligations		485,000	425,000
		664,481	492,505
TOTAL LIABILITIES		**1,370,049**	**935,437**
EQUITY			
Share capital	10	68,642,773	65,238,663
Share-based payment reserve	11	10,826,508	9,567,417
Accumulated other comprehensive income (loss) (“AOCI(L)”)		9,838	(3,237)
Accumulated deficit		(58,973,630)	(60,752,641)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS		**20,505,489**	**14,050,202**
NON-CONTROLLING INTEREST		**3,364,392**	**-**
TOTAL EQUITY		**23,869,881**	**14,050,202**
TOTAL LIABILITIES AND EQUITY		**25,239,930**	**14,985,639**

Nature and continuance of operations (Note 1)
Commitments (Notes 7, 8 and 10)

APPROVED BY:

DIRECTOR *“MARK JARVIS”* **DIRECTOR** *“LYLE DAVIS”*

See accompanying notes to the consolidated financial statements

Giga Metals Corporation
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2022 and 2021
Expressed in Canadian Dollars

	Notes	2022 $	2021 $
Operating expenses			
Amortization	4	105,368	98,676
Consulting fees		264,093	408,117
Corporate communications and investor relations		310,881	430,906
Legal, accounting and audit	12	418,412	267,630
Management and directors fees	12	264,199	258,839
Office and general		340,727	343,035
Travel and accommodation		50,787	23,363
Stock-based compensation	10,12	1,029,860	1,289,383
		2,784,327	3,119,949
Other items			
Interest income		(70,380)	(16,694)
Finance charge on lease		14,777	21,045
Income from sublease of office	7, 12	(45,544)	(44,974)
Flow-through premium income	10	-	(341,167)
Impairment of exploration and evaluation assets		173,417	-
		72,270	(381,790)
Loss for the year		**(2,856,597)**	**(2,738,159)**
Other comprehensive income (loss)			
Exchange gain (loss) on translation of foreign operations		13,075	(2,304)
Comprehensive loss for the year		**(2,843,522)**	**(2,740,463)**
Loss for the period attributable to:			
Owners of the parent company		(2,857,579)	(2,738,159)
Non-controlling interest		982	-
		(2,856,597)	**(2,738,159)**
Comprehensive loss for the period attributable to:			
Owners of the parent company		(2,844,504)	(2,740,463)
Non-controlling interest		982	-
		(2,843,522)	**(2,740,463)**
Loss per share attributable to the owners of the parent company – basic and diluted	10	**(0.03)**	**(0.03)**
Weighted average number of shares outstanding – basic and diluted	10	**96,611,795**	**80,823,705**

See accompanying notes to the consolidated financial statements

Giga Metals Corporation

Consolidated Statement of Changes in Equity
For the years ended December 31, 2022 and 2021
Expressed in Canadian Dollars

		Share capital							
	Notes	Number of shares #	Amount $	Share-based payment reserve $	AOCI(L) $	Accumulated deficit $	Total equity attributable to owners $	Non-controlling interest $	Total equity $
Balance at December 31, 2020		70,344,850	60,173,313	7,417,335	(933)	(58,014,482)	9,575,233	-	9,575,233
Public offering of flow-through units	10	5,686,123	2,729,339	170,584	-	-	2,899,923	-	2,899,923
Transfer to flow-through premium liability	10	-	(341,167)	-	-	-	(341,167)	-	(341,167)
Public offering of units	10	8,997,455	3,778,931	269,924	-	-	4,048,855	-	4,048,855
Share issuance costs									
Cash finders' fees	10	-	(451,671)	-	-	-	(451,671)	-	(451,671)
Brokers' warrants	10	-	(467,200)	467,200	-	-	-	-	-
Other fees	10	-	(323,641)	-	-	-	(323,641)	-	(323,641)
Exercise of options	10	625,000	93,750	-	-	-	93,750	-	93,750
Transfer on the exercise of options		-	47,009	(47,009)	-	-	-	-	-
Stock-based compensation	10	-	-	1,289,383	-	-	1,289,383	-	1,289,383
Comprehensive loss for the year		-	-	-	(2,304)	(2,738,159)	(2,740,463)	-	(2,740,463)
Balance at December 31, 2021		85,653,428	65,238,663	9,567,417	(3,237)	(60,752,641)	14,050,202	-	14,050,202
Public offering of units	10	12,075,700	3,984,981	120,757	-	-	4,105,738	-	4,105,738
Share issuance costs									
Cash finders' fees	10	-	(246,344)	-	-	-	(246,344)	-	(246,344)
Brokers' warrants	10	-	(145,849)	145,849	-	-	-	-	-
Other fees	10	-	(284,803)	-	-	-	(284,803)	-	(284,803)
Exercise of options	10	175,000	58,750	-	-	-	58,750	-	58,750
Transfer on the exercise of options		-	37,375	(37,375)	-	-	-	-	-
Stock-based compensation	10	-	-	1,029,860	-	-	1,029,860	-	1,029,860
Issuance of 15% common shares in Hard Creek Nickel Corp.	5	-	-	-	-	4,636,590	4,636,590	3,363,410	8,000,000
Comprehensive loss for the year		-	-	-	13,075	(2,857,579)	(2,844,504)	982	(2,843,522)
Balance at December 31, 2022		**97,904,128**	**68,642,773**	**10,826,508**	**9,838**	**(58,973,630)**	**20,505,489**	**3,364,392**	**23,869,881**

See accompanying notes to the consolidated financial statements

Giga Metals Corporation
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
Expressed in Canadian Dollars

	2022 $	2021 $
Operating activities		
Loss for the year	(2,856,597)	(2,738,159)
Adjustments for:		
Amortization	105,368	98,676
Stock-based compensation	1,029,860	1,289,383
Flow-through premium income	-	(341,167)
Impairment of exploration and evaluation assets	173,417	-
Changes in non-cash working capital items:		
Receivables	19,489	(65,153)
Prepaid expenses and deposits	(24,543)	(72,820)
Trade payables and accrued liabilities	(5,325)	3,175
Net cash flows used in operating activities	(1,558,331)	(1,826,065)
Investing activities		
Expenditures on exploration and evaluation assets	(4,433,454)	(6,461,958)
British Columbia mining tax credits	201,337	69,458
Purchase of equipment	(4,151)	(38,084)
Increase in reclamation deposits	-	(192,000)
Net cash flows used in investing activities	(4,236,268)	(6,622,584)
Financing activities		
Proceeds from issuance of common shares	4,164,488	7,042,528
Share issuance costs	(531,147)	(775,312)
Proceeds from issuance of common shares of Hard Creek Nickel Corp.	8,000,000	-
Principal repayment of lease obligation	(97,973)	(88,182)
Net cash flows provided by financing activities	11,535,368	6,179,034
Increase (decrease) in cash and cash equivalents	5,740,769	(2,269,615)
Cash and cash equivalents, beginning	1,493,365	3,762,980
Cash and cash equivalents, ending	**7,234,134**	**1,493,365**
Cash	7,205,384	1,464,615
Cash equivalents	28,750	28,750
	7,234,134	1,493,365
Cash received for interest	70,208	17,653
Cash paid for interest	15,536	21,045
Cash paid for taxes	-	-

Supplemental cash flow information (Note 15)

See accompanying notes to the consolidated financial statements

1. Nature and continuance of operations

Giga Metals Corporation (the "Company" or "Giga Metals") was incorporated on January 17, 1983, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "GIGA" and the OTCQX under the symbol "HNCKF". 13,667,755 warrants of the Company commenced trading on the TSXV under the symbol "GIGA.WT" effective May 27, 2021. The warrants were issued under a warrant indenture dated April 23, 2021 pursuant to the Company's short form prospectus dated April 19, 2021. 12,535,000 warrants of the Company commenced trading on the TSXV under the symbol "GIGA.WT.A" effective February 23, 2022.

The head office, principal address and records office of the Company are located at 700 West Pender Street, Suite 203, Vancouver, British Columbia, Canada, V6C 1G8. The Company's registered address is 2500 Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at December 31, 2022, the Company's accumulated deficit was $58,973,630, the Company had not advanced its mineral properties to commercial production and the Company has no other source of revenue from its operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. As at December 31, 2022, the Company had working capital of $6,788,541, giving the Company the ability to meet current obligations.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

2. Significant accounting policies and basis of preparation

These consolidated financial statements were authorized for issue on April 24, 2023 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Expressed in Canadian Dollars

Consolidation

The consolidated financial statements include the accounts of the Company and the entities controlled by the Company (its subsidiaries). The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Details of the subsidiaries are as follows:

		Percentage owned	
	Incorporated in	**December 31, 2022**	**December 31, 2021**
Canadian Metals Exploration Ltd.	Canada	100%	100%
Giga Metals Do Brasil Ltda	Brazil	100%	100%
Hard Creek Nickel Corp.	Canada	85%	0%

Hard Creek Nickel Corp. was incorporated on June 21, 2022.

Giga Metals Do Brasil Ltda was incorporated on June 30, 2020.

Significant estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:
- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the assessment of impairment of the Company's exploration and evaluation assets.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments held in the form of money market investments and certificates of deposit with investment terms that allow for penalty free redemption after one month.

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related property on an accrual basis.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

When options are exercised, the corresponding amounts previously recorded in the share-based payment reserve are transferred to share capital. When options expire unexercised, the corresponding amounts remain in the share-based payment reserve.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income (loss) attributable to common shareholders equals the reported income (loss) attributable to owners of the Company. Diluted earnings (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

Recognition of Financial Instruments

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes a party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets at FVTOCI

Investments in equity instruments designated at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with both realized and unrealized gains and losses recognized in other comprehensive income (loss) in the period in which they arise.

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

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

Derecognition of financial assets and liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss in the period in which they arise. However, gains and losses on derecognition of financial assets designated as FVTOCI are recorded in other comprehensive income (loss) in the period in which they arise. Cumulative gains and losses on derecognized financial assets designated as FVTOCI are reclassified from accumulated other comprehensive income (loss) to deficit.

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

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Foreign currencies

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is Canadian dollars. The functional currency of Giga Metals Corporation, Hard Creek Nickel Corp. and Canadian Metals Exploration Ltd. is the Canadian dollar and the functional currency of Giga Metals Do Brasil Ltda is Brazilian Reals.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

The statement of financial position of each subsidiary is translated into Canadian dollars using the exchange rate at the balance sheet date and the income statement is translated into Canadian dollars using the average exchange rate for the period. All gains and losses on translation of a subsidiary from the functional currency to the presentation currency are charged to other comprehensive (loss) income.

Income taxes

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

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

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

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

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

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

Flow-through shares:
On the issuance of flow-through shares, any premium received in excess of the market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

At December 31, 2022, the Company estimated that the fair value of the restoration obligations were $485,000 (2021 - $425,000). The fair value of the liability was determined to be equal to the estimated remediation costs. Due to the early stages of the project, and that extractive activities have not yet begun, the Company is unable to predict with any precision the timing of the cash flow related to the reclamation activities.

Equipment and right of use assets

Equipment and right of use assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives, except for right of use assets that use the straight line method. The amortization rates applicable to each category of equipment and right of use assets are as follows:

Class	**Amortization rate**
Motor vehicles	30% declining balance
Computer equipment	30% declining balance
Exploration and office equipment	20% declining balance
Right of use asset – office lease	4 years straight line

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

The Company has adopted a residual method with respect to the measurement of shares and warrants issued as units. The residual method first allocates fair value to the component with the best evidence of fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued was determined to be the component with the best evidence of fair value. The remaining balance, if any, was allocated to the attached warrants.

Adoption of New Accounting Standards

There were no new standards effective for the year ended December 31, 2022 that impacted the Company's consolidated financial statements.

Expressed in Canadian Dollars

Accounting Standards Issued But Not Yet Effective

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 8 – Definition of Accounting Estimates

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

The Company does not expect the adoption of these accounting standards to have a material impact on the Company’s consolidated financial statements.

3. Receivables

	December 31, 2022 $	**December 31, 2021 $**
Goods and Service sales tax	61,549	90,281
British Columbia mining exploration tax credits	-	184,940
Interest receivable and other receivables	13,548	4,305
	75,097	279,526

Expressed in Canadian Dollars

4. Equipment and right of use assets

	Right of use assets - leases $	Motor Vehicles $	Computer equipment $	Exploration and office equipment $	Total $
Cost:					
At December 31, 2020	347,048	45,652	78,294	63,991	534,985
Additions	-	26,874	11,210	-	38,084
At December 31, 2021	347,048	72,526	89,504	63,991	573,069
Additions	-	-	4,151	-	4,151
Modification of lease	(103,085)	-	-	-	(103,085)
At December 31, 2022	243,963	72,526	93,655	63,991	474,135
Depreciation:					
At December 31, 2020	151,837	34,951	45,671	59,277	291,736
Charge for the year	86,764	5,532	5,379	1,001	98,676
At December 31, 2021	238,601	40,483	51,050	60,278	390,412
Charge for the year	89,469	9,464	5,692	743	105,368
Modification of lease	(303,674)	-	-	-	(303,674)
At December 31, 2022	24,396	49,947	56,742	61,021	192,106
Net book value:					
At December 31, 2021	108,447	32,043	38,454	3,713	182,657
At December 31, 2022	219,567	22,579	36,913	2,970	282,029

Expressed in Canadian Dollars

5. Exploration and evaluation assets

The Company's deferred exploration costs are as follows:

	Balance, December 31, 2020 $	Change in year 2021 $	Balance, December 31, 2021 $	Change in year 2022 $	Balance, December 31, 2022 $
Turnagain Nickel Cobalt Project					
Mineral property interests	179,500	-	179,500	-	179,500
Assays and testing	2,359,872	112,465	2,472,337	183,825	2,656,162
Claims renewal / staking	479,199	2,734	481,933	4,127	486,060
Drilling	14,361,757	2,017,730	16,379,487	1,088,016	17,467,503
Environmental studies	1,902,718	228,667	2,131,385	237,603	2,368,988
Exploration data management	977,516	21,341	998,857	11,595	1,010,452
First Nations	275,944	62,018	337,962	45,339	383,301
Geochemistry	111,066	-	111,066	-	111,066
Geological and engineering services	11,259,375	1,362,200	12,621,575	1,602,287	14,223,862
Geophysical services	854,079	93,819	947,898	24,500	972,398
Metallurgy	4,908,794	73,294	4,982,088	381,186	5,363,274
Petrographic work	43,957	-	43,957	-	43,957
Project management	106,015	-	106,015	-	106,015
Survey, mapping and camp	2,892,783	1,935,482	4,828,265	654,269	5,482,534
Transportation	3,000,445	615,557	3,616,002	186,355	3,802,357
Advances	-	100,000	100,000	176,287	276,287
Cost recovery	(56,480)	-	(56,480)	-	(56,480)
Asset retirement obligations	275,000	150,000	425,000	60,000	485,000
Property impairments	(33,058,924)	-	(33,058,924)	-	(33,058,924)
BC refundable mining exploration tax credits	(3,228,472)	(180,089)	(3,408,561)	(16,397)	(3,424,958)
Federal non-refundable mining tax credits, net of valuation allowance	(61,185)	-	(61,185)	-	(61,185)
Book value at date of sale of net smelter royalty	(1,777,377)	-	(1,777,377)	-	(1,777,377)
	5,805,582	6,595,218	12,400,800	4,638,992	17,039,792
Brazil Project					
Assays and testing	-	3,816	3,816	9,495	13,311
Claims renewal / staking	3,258	33,958	37,216	35,467	72,683
Drilling	-	-	-	51,979	51,979
Geological and engineering services	-	4,157	4,157	24,836	28,993
Transportation	-	-	-	1,013	1,013
Property impairments	-	-	-	(173,417)	(173,417)
Foreign exchange translation adjustment	-	(233)	(233)	5,671	5,438
	3,258	41,698	44,956	(44,956)	-
	5,808,840	6,636,916	12,445,756	4,594,036	17,039,792

Expressed in Canadian Dollars

Turnagain Cobalt Nickel Project

The Company has an 85% interest in certain mineral claims, located along the Turnagain River in British Columbia, Canada. One claim is subject to a 4% net smelter return royalty ("NSR"). The Company has the option to purchase all or part of the NSR within four years of commercial production for a price of $1,000,000 per 1% NSR.

In July 2018, the Company sold a 2% NSR on all future metal production from the Turnagain Nickel-Cobalt Project. The Company has the right to repurchase 0.5% of the 2% NSR ("Repurchase Option") for US$20 million, which if exercised would result in a 1.5% remaining NSR. The one-time Repurchase Option is only exercisable prior to the fifth anniversary of the NSR Agreement. The purchaser of the NSR has a right of first refusal on any future sale by Giga Metals of a royalty or product stream or similar instrument.

Joint Venture with Mitsubishi Corporation

On August 15, 2022, the Company announced that it had entered into a binding agreement with Mitsubishi Corporation ("MC") to form a new company, Hard Creek Nickel Corp. ("Hard Creek"), to jointly pursue the development of the Turnagain Nickel-Cobalt Project. The transaction closed on September 1, 2022.

Hard Creek issued 15% of its common shares for cash consideration of $8,000,000 and 85% of its common shares in exchange for all related assets and liabilities for the Turnagain Nickel-Cobalt Project. Pursuant to the terms of a shareholders' agreement governing Hard Creek, the Company, with support from MC, will operate the joint venture.

The $8,000,000 cash consideration will be used to complete a Pre-Feasibility Study ("PFS"). Once the Company completes a PFS, further expenditures in the joint venture will be split in accordance with the equity interests of the parties. The proceeds on sale of the 15% interest in Hard Creek were recognized as non-controlling interest.

	$
Cash	8,000,000
Total consideration	8,000,000
15% of Hard Creek net assets	
Cash	1,200,000
Reclamation deposits	63,600
Exploration and evaluation assets	2,163,560
Asset retirement obligations	(63,750)
Total net assets allocated to non-controlling interest	3,363,410
Excess recognized in equity (deficit)	4,636,590

Brazil Project

In December 2020, the Company staked 24 exploration permits in southern Piauí State, Northeast Region, Brazil.

Expressed in Canadian Dollars

6. Trade payables and accrued liabilities

	December 31, 2022 $	December 31, 2021 $
Trade payables	432,353	278,244
Accrued liabilities	180,868	62,981
	613,221	341,225

7. Lease obligations

The Company entered into an office lease on April 1, 2019 and the Company recognized a lease obligation with respect to the lease expiring March 31, 2023. On October 7, 2022, the lease was extended to March 31, 2025 and treated as a lease modification under IFRS 16, Leases. The terms and the outstanding balances as at December 31, 2022 and 2021 are as follows:

	2022 $	2021 $
Right-of-use asset from office lease repayable in monthly instalments of $10,283 and an interest rate of 16.5% per annum and an end date of March 31, 2025	231,828	129,212
Less: current portion	(92,347)	(101,707)
Non-current portion	139,481	27,505

The following is a schedule of the Company's future minimum lease payments related to the office lease obligation:

	December 31, 2022 $
2023	121,738
2024	123,395
2025	30,849
Total minimum lease payments	275,982
Less: imputed interest	(44,154)
Total present value of minimum lease payments	231,828
Less: current portion	(92,347)
Non-current portion	139,481

The Company subleases part of their office space to other companies. One sublease with a related party (Note 12) is month to month lease at a rate of $2,346 per month and one sublease is for a rate of $1,505 per month. The total lease income from the subleasing of the office for the year ended December 31, 2022 was $45,544 (2021 - $44,974).

8. Loan

During the year ended December 31, 2020, the Company obtained an unsecured $40,000 loan as part of the government's economic response plan to the COVID-19 pandemic. The loan is interest free and is eligible for 25% forgiveness if $30,000 is repaid by December 31, 2023. If not repaid in full by the maturity date, the loan will be converted into a loan at a fixed interest rate of 5% per annum with a maturity date of December 31, 2025.

Expressed in Canadian Dollars

9. Income taxes and mining tax credits

The actual income tax provision differs from the expected amounts calculated by applying the Canadian combined statutory federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of the Company's income tax recovery are as follows:

	Year ended December 31, 2022 $	Year ended December 31, 2021 $
Loss before income taxes	(2,856,597)	(2,738,159)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(771,281)	(739,303)
Items not deductible for tax and other	264,305	255,227
True-up	4,465	7,522
Flow-through share renunciation	-	782,979
Change in unrecognized tax benefits	502,511	(306,425)
Income tax recovery	-	-

The Company has the following unrecognized deferred tax assets:

	December 31, 2022 $	December 31, 2021 $
Federal investment tax credits	654,183	654,183
Exploration and evaluation assets	4,324,845	1,683,551
Reclamation obligation	130,950	114,750
Non-capital loss carryforwards	3,415,534	5,495,575
Other	834,963	762,069
Unrecognized deferred tax assets	(9,360,475)	(8,710,128)
	-	-

The tax pools relating to these deferred tax assets expire as follows:

	Canadian resource pools $	Non-capital losses $	Other $	Canadian federal investment tax credit losses $
2025	-	-	-	24,847
2026	-	1,175	-	-
2027	-	209	-	91,030
2028	-	208	-	57,677
2029	-	272	-	234,667
2030	-	1,578,481	-	245,962
2031	-	1,392,745	-	-
2032	-	818,329	-	-
2033	-	202,411	-	-
2034	-	266,149	-	-
2035	-	173,814	-	-
2036	-	152,243	-	-
2037	-	307,139	-	-
2038	-	-	-	-

2039	-	2,874,272	-	-
2040	-	2,217,432	-	-
2041	-	2,081,338	-	-
2042	-	397,206	-	-
No expiry	32,737,965	-	5,624,829	-
	32,737,965	12,463,423	5,624,829	654,183

At December 31, 2022, the Company also has $148,265 (2021 - $89,434) of tax losses in Brazil, where they can be carried forward to future tax years with no time limit.

10. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Financings

During the year ended December 31, 2022, the following equity financings were completed:

I) On February 8, 2022, the Company completed a marketed public offering of 12,075,700 units (the "Units") of the Company for gross proceeds of $4,105,738. The Units were priced at $0.34 and are comprised of one common share and one warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.45 until February 8, 2025.

The Company used the residual method to value the share purchase warrants within the Units with a value of $120,757 allocated to the share purchase warrants.

In connection with the offering, the Company paid a cash commission equal to 6% of the gross proceeds ($246,344) and 724,542 compensation warrants. Each compensation warrant shall entitle the holder thereof to purchase one Unit at the exercise price of $0.34 until February 8, 2025. The Company incurred other cash issuance costs including legal and filing fees of $284,803.

The fair value of $145,849 for the brokers' warrants was estimated using the Black-Scholes Option Pricing Model and was charged to share issue costs and credited to share-based payment reserve. The assumptions used in the Black-Scholes Option Pricing Model were as follows: share price of $0.33; exercise price of $0.34; expected volatility of 99%; expected life of 3 years; a risk-free interest rate of 0.95%; and an expected dividend rate of nil.

During the year ended December 31, 2021, the following equity financings were completed:

I) On April 23, 2021, the Company completed a marketed public offering of 13,667,755 units (the "Units") of the Company for gross proceeds of $6,466,708.

The Units consist of 8,397,455 non-flow through units priced at $0.45 comprised of one common share and one warrant, and 5,270,300 flow through units priced at $0.51 comprised of one flow through common share and one warrant. Each warrant entitles the holder thereof to purchase one non-flow through common share at a price of $0.60 until April 23, 2024.

The flow-through premium liability was determined to be $0.06 per flow-through unit and accordingly, $316,218 was allocated to the flow-through premium liability. The Company used the residual method to value the share purchase warrants within the Units with a value of $410,033 allocated to the share purchase warrants.

II) On April 27, 2021, the Company completed a private placement of 1,015,823 Units of the Company for gross proceeds of $482,070. The Units consist of 600,000 non-flow through units priced at $0.45 comprised of one common share and one common share purchase warrant, and 415,823 flow through units priced at $0.51 comprised of one flow through common share and one warrant. Each warrant entitles the holder thereof to purchase one non-flow through common share at a price of $0.60 until April 27, 2024.

The flow-through premium liability was determined to be $0.06 per flow-through unit and accordingly, $24,949 was allocated to the flow-through premium liability. The Company used the residual method to value the share purchase warrants within the Units with a value of $30,475 allocated to the share purchase warrants.

In connection with the offering, the Company paid a cash commission equal to 6.5% of the gross proceeds ($451,671) and 888,404 brokers' warrants equal to 6.5% of the Units sold under the offering. Each brokers' compensation warrant shall entitle the holder thereof to purchase one Unit (on a non-flow through basis) having the same terms as a Unit at the exercise price of $0.45 until April 23, 2024. The Company incurred other cash issuance costs including legal and filing fees of $323,641.

The fair value of $467,200 for the brokers' warrants was estimated using the Black-Scholes Option Pricing Model and was charged to share issue costs and credited to share-based payment reserve. The assumptions used in the Black-Scholes Option Pricing Model were as follows: share price of $0.43; exercise price of $0.45 and $0.60; expected volatility of 106%; expected life of 3 years; a risk-free interest rate of 0.50%; and an expected dividend rate of nil.

The gross proceeds of the flow-through financing of $2,899,923 will not be available to the Company for future deduction from taxable income after renouncing the flow-through proceeds to the subscribers effective December 31, 2021. The Company recorded a flow-through premium liability in the aggregate amount of $341,167 representing the value of the tax benefit renounced to subscribers. The flow-through premium liability is reduced and recorded as an other income item as eligible Canadian Exploration Expenditures are incurred. As at December 31, 2021, the Company had incurred eligible Canadian Exploration Expenditures of $2,899,923 and accordingly, recorded flow-through premium income of $341,167.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2022 was based on the loss attributable to common shareholders of $2,857,579 (2021 - $2,738,159) and the weighted average number of common shares outstanding of 96,611,795 (2021 – 80,823,705).

Diluted loss per share did not include the effect of 9,240,000 stock options and 29,985,170 warrants as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares.

Expressed in Canadian Dollars

Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all investor relations and technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

On exercise, each option allows the holder to purchase one common share of the Company. The changes in options during the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	7,765,000	$ 0.50	7,000,000	$ 0.48
Options granted	1,875,000	0.40	1,390,000	0.45
Options exercised	(175,000)	0.34	(625,000)	0.15
Options expired/forfeited	(225,000)	0.47	-	-
Options outstanding, ending	9,240,000	$ 0.49	7,765,000	$ 0.50
Options exercisable, ending	5,732,500	$ 0.51	3,910,000	$ 0.50

The weighted average share price on the date of option exercise during the year ended December 31, 2022 was $0.47 (2021 - $0.40).

Details of options outstanding as at December 31, 2022 are as follows:

Exercise price	Weighted average contractual life	Number of options outstanding
$0.35	0.89 years	50,000
$0.40	4.18 years	(2)1,875,000
$0.45	3.82 years	1,390,000
$0.52	3.00 years	(2)5,625,000
$0.55	0.10 years	(1)300,000
$0.49	3.26 years	9,240,000

(1) Subsequent to December 31, 2022, 300,000 of these stock options expired unexercised.
(2) Subsequent to December 31, 2022, 205,000 of these options were cancelled.

Stock-based compensation

During the year ended December 31, 2022, the Company granted 1,875,000 stock options (2021 – 1,390,000 stock options), the weighted average grant date fair value of the options was $0.27 per option (2021 - $0.36). The stock options vest as to 25% on the grant date and 25% every year thereafter. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Expressed in Canadian Dollars

	2022	2021
Share price	$0.34	$0.44
Exercise price	$0.40	$0.45
Expected life of options	5.0 years	5.0 years
Annualized volatility	112%	118%
Risk-free interest rate	1.75%	1.00%
Dividend rate	0%	0%

The expected volatility was calculated using the historical stock prices of the Company.

During the year ended December 31, 2022, the Company recorded $1,029,860 (2021 - $1,289,383) of stock-based compensation to the consolidated statement of comprehensive loss based on the vesting of stock options granted.

Warrants

On exercise, each warrant allows the holder to purchase one common share of the Company except for the 888,404 and 724,542 warrants as described below. The changes in warrants outstanding during the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Number of warrants	Average exercise price	Number of warrants	Average exercise price
Warrants outstanding, beginning	15,571,982	$ 0.59	240,000	$ 0.70
Warrants issued	12,800,242	0.44	15,571,982	0.59
Warrants expired	-	-	(240,000)	0.70
Warrants outstanding, ending	28,372,224	$ 0.53	15,571,982	$ 0.59

Details of warrants outstanding as at December 31, 2022 are as follows:

Exercise price	Weighted average contractual life	Number of warrants outstanding
$0.34	2.11 years	(1)724,542
$0.45	2.05 years	(2)12,964,104
$0.60	1.31 years	14,683,578
$0.53	1.67 years	28,372,224

(1) 724,542 of these warrants are exercisable into units with each unit being comprised of one common share and warrant. Each warrant within the unit entitles the holder to purchase one common share at a price of $0.45 until February 8, 2025.

(2) 888,404 of these warrants are exercisable into units with each unit being comprised of one common share and warrant. Each warrant within the unit entitles the holder to purchase one common share at a price of $0.60 until April 23, 2024.

11. Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and the fair value of agent's warrants until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Expressed in Canadian Dollars

12. Related party transactions

	Year ended December 31, 2022 $	2021 $
Accounting fees	44,784	37,094
Directors' fees	18,000	18,000
Management fees	232,000	228,000
Stock-based compensation	806,529	1,022,053
	1,101,313	1,305,147

There was $2,226 owing to related parties at December 31, 2022 (2021 - $1,943) included in accounts payable. The balances owing are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management includes the Chief Executive Officer, the President, the Chief Financial Officer and the directors of the Company. Compensation paid or payable to key management for services during the year ended December 31, 2022 amounted to $236,784 (2021 - $229,094) for short-term benefits and $779,333 (2021 - $1,000,110) for stock-based compensation.

The Company has a month to month office sublease with a company with common directors (Note 7). During the year ended December 31, 2022, the Company recorded office sublease income of $28,147 (2021 – $28,147) relating to the sublease.

13. Financial instruments and financial risk management

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

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's primary exposure to credit risk is on its cash held in bank accounts and financial institutions. This risk is managed by using major banks and financial institutions that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's liabilities as at December 31, 2022:

	Within one year	Between one and five years	More than five years
Trade payables and accrued liabilities	$ 613,221	$ -	$ -
Lease obligation	121,738	154,244	-
Loan	-	40,000	-
Asset retirement obligations	-	-	485,000
	$ 734,959	$ 194,244	$ 485,000

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has exposure to foreign exchange risk with respect to its cash balances. As at December 31, 2022, the Company had cash held in US dollars of US$48,646 and Brazilian Reals of R$113,596.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any significant interest rate risk.

Other price risk

Other price risk is the risk that the fair value of a financial instrument changes due to market risks other than foreign exchange risk or interest rate risk. The Company has no exposure to this risk.

Classification of financial instruments

Financial assets included in the consolidated statement of financial position are as follows:

	December 31, 2022 $	December 31, 2021 $
Amortized cost:		
Interest receivable and other receivables	13,548	4,305
Reclamation deposits	424,000	424,000
Fair value through profit or loss:		
Cash and cash equivalents	7,234,134	1,493,365
	7,671,682	1,921,670

Expressed in Canadian Dollars

Financial liabilities included in the consolidated statement of financial position are as follows:

	December 31, 2022 $	December 31, 2021 $
Amortized cost:		
Trade payables and accrued liabilities	613,221	341,225
Lease obligation	231,828	129,212
Loan	40,000	40,000
	885,049	510,437

Fair value

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

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

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2022 and 2021:

	As at December 31, 2022		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 7,234,134	$ -	$ -
Total	$ 7,234,134	$ -	$ -

	As at December 31, 2021		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 1,493,365	$ -	$ -
Total	$ 1,493,365	$ -	$ -

14. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the exploration and development of its exploration and evaluation assets and to sustain future development of the business. The capital structure of the Company consists of equity and debt obligations, net of cash.

There were no changes in the Company's approach to capital management during the year ended December 31, 2022 and no restrictions.

15. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the year ended December 31, 2022, the following transactions were excluded from the consolidated statement of cash flows:

a) Exploration and evaluation asset expenditures of $521,324 included in accounts payable and accrued liabilities at December 31, 2022, less expenditures included in accounts payable at December 31, 2021 of $236,599 (net exclusion of $284,725);

b) Exploration and evaluation asset recovery of $nil included in receivables at December 31, 2022, less amount included in receivables at December 31, 2021 of $184,940 (net inclusion of $184,940);

c) Asset retirement obligations of $60,000 included in exploration and evaluation assets.

d) Lease extension of $200,589 added to right of use assets.

e) The transfer from share-based payment reserve to share capital of $37,375, representing the book value of stock options exercised; and,

f) The issuance of 724,542 brokers' warrants at the fair value of $145,849.

During the year ended December 31, 2021, the following transactions were excluded from the consolidated statement of cash flows:

a) Exploration and evaluation asset expenditures of $236,599 included in accounts payable and accrued liabilities at December 31, 2021, less expenditures included in accounts payable at December 31, 2020 of $31,552 (net inclusion of $205,047);

b) Exploration and evaluation asset recovery of $184,940 included in receivables at December 31, 2021, less amount included in receivables at December 31, 2020 of $74,309 (Net exclusion of $110,631);

c) The transfer from share-based payment reserve to share capital of $47,009, representing the book value of stock options exercised; and,

d) Asset retirement obligations of $150,000 included in exploration and evaluation assets.

16. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

The Company's assets are primarily located in Canada. At December 31, 2022, the Company's assets are located in Canada except for $33,998 of assets located in Brazil (2021 - $129,443).