Delta Resources Limited

(An exploration stage company)
Financial Statements

December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Delta Resources Limited:

Opinion

We have audited the financial statements of Delta Resources Limited (the "Entity"), which comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of net loss and other comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended;
- and notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 2 in the financial statements, which indicates that Delta Resources Limited is still in the exploration stage and, as such, no revenue has been generated and it has negative cash flows from its operating activities. Accordingly, Delta Resources Limited depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of operations.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' 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 the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' report is Nathalie Labelle.

KPMG LLP*

Montréal, Canada

April 13, 2022

*CPA auditor, CA, public accountancy permit No. A119245

(In Canadian dollars)

	As at December 31, 2021 $	As at December 31, 2020 $
ASSETS		
Current assets:		
Cash	**3,612,736**	1,212,415
Other receivable	**21,000**	-
Sales tax receivable	**109,586**	138,001
Refundable tax credit on mining duties and refundable tax credit related to resources	**595,301**	532,760
Prepaid expenses	**28,685**	56,305
	4,367,308	1,939,481
Non-current assets:		
Property and equipment (Note 6)	**50,664**	51,806
	50,664	51,806
Total assets	**4,417,972**	1,991,287
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities (Notes 7 and 14)	**384,133**	473,448
Other liabilities related to flow-through shares (Note 8)	**300,030**	-
Current portion of the long-term debt (Note 9)	**30,000**	-
	714,163	473,448
Non-current liabilities:		
Long-term debt (Note 9)	**-**	30,000
	-	30,000
Total liabilities	**714,163**	503,448
EQUITY		
Common shares and warrants (Note 10)	**35,793,654**	32,220,814
Contributed surplus	**7,710,475**	7,549,285
Deficit	**(39,800,320)**	(38,282,260)
Total equity	**3,703,809**	1,487,839
Total liabilities and equity	**4,417,972**	1,991,287

Going concern, related party transactions, contingent liabilities, commitments and subsequent events (Notes 2, 14, 15, 16 and 20).

These financial statements were approved by the Company's board of directors on April 13, 2022.

"Frank Candido" *" Roy Millington"*

Frank Candido, Director Roy Millington, Director

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

(In Canadian dollars)

	2021 $	2020 $
Operating Expenses		
Exploration and evaluation expenditures (Note 11)	**1,108,386**	1,080,220
Legal, financial and other corporate expenses	**229,685**	231,099
General administrative expenses	**112,342**	123,662
Management fees (Note 14)	**60,000**	60,000
Shareholders' information	**46,925**	85,378
Depreciation of property and equipment (Note 6)	**1,142**	1,249
Travel	**961**	8,372
Share-based compensation (Note 10)	**-**	354,283
	1,559,441	1,944,263
Other income		
Government grant (Note 9)	**-**	10,000
Other revenues	**300**	15,961
Interest income	**3,238**	1,902
	3,538	27,863
Loss before income taxes	**(1,555,903)**	(1,916,400)
Deferred income taxes	**37,843**	-
Net loss and comprehensive loss for the year	**(1,518,060)**	(1,916,400)
Basic and fully diluted loss per common share (Note 18)	**(0.040)**	(0.062)
Weighted average number of shares outstanding (basic and diluted) (Note 18)	**37,731,422**	30,875,458

The accompanying notes are an integral part of these financial statements

(In Canadian dollars)

	2021	2020
	$	$
CASH PROVIDED BY (USED IN):		
Operating activities:		
Net loss and comprehensive loss for the year	**(1,518,060)**	(1,916,400)
Items not involving cash:		
Refundable tax credit on mining duties and refundable tax credit related to resources	**(62,541)**	(497,495)
Options issued	**-**	354,283
Depreciation of property and equipment	**1,142**	1,249
Share issuance in consideration of exploration and evaluation expenditures	**389,203**	441,750
Deferred income taxes	**(37,843)**	-
	(1,228,099)	(1,616,613)
Net change in non-cash operating working capital items (Note 13)	**(33,280)**	272,202
Cash flows related to operating activities	**(1,261,379)**	(1,344,411)
Financing activities:		
Long-term debt	**-**	30,000
Issuance of shares and warrants	**3,843,449**	1,558,750
Warrants exercised	**74,250**	60,900
Options exercised	**16,000**	12,000
Share issue costs	**(271,999)**	(43,633)
Cash flows related to financing activities	**3,661,700**	1,618,017
Increase in cash	**2,400,321**	273,606
Cash, beginning of year	**1,212,415**	938,809
Cash, end of year	**3,612,736**	1,212,415

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

(in Canadian dollars)

	Common shares (note 10)	Common shares and warrants $ (note 10)	Contributed Surplus $ (note 10)	Deficit $	Total $
Balance, January 1, 2021	**35,347,907**	**32,220,814**	**7,549,285**	**(38,282,260)**	**1,487,839**
Shares and warrants issuance	**12,043,986**	**3,526,576**	**-**	**-**	**3,526,576**
Share issuance in consideration of exploration and evaluation expenditures	**1,267,281**	**389,203**	**-**	**-**	**389,203**
Broker warrants issued	**-**	**-**	**170,460**	**-**	**170,460**
Broker warrants exercised	**80,000**	**25,270**	**(9,270)**	**-**	**16,000**
Warrants exercised	**487,500**	**74,250**	**-**	**-**	**74,250**
Share issue costs	**-**	**(442,459)**	**-**	**-**	**(442,459)**
Net loss and comprehensive loss for the year	**-**	**-**	**-**	**(1,518,060)**	**(1,518,060)**
Balance, December 31, 2021	**49,226,674**	**35,793,654**	**7,710,475**	**(39,800,320)**	**3,703,809**
Balance, January 1, 2020	29,049,338	30,183,612	7,202,437	(36,365,860)	1,020,189
Shares and warrants issuance	4,453,569	1,558,750	-	-	1,558,750
Share issuance in consideration of exploration and evaluation expenditures	1,350,000	441,750	-	-	441,750
Options issued	-	-	354,283	-	354,283
Options exercised	100,000	19,435	(7,435)		12,000
Warrants exercised	395,000	60,900	-	-	60,900
Share issue costs	-	(43,633)	-	-	(43,633)
Net loss and comprehensive loss for the year	-	-	-	(1,916,400)	(1,916,400)
Balance, December 31, 2020	35,347,907	32,220,814	7,549,285	(38,282,260)	1,487,839

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

1. Statute of incorporation and nature of activities

Delta Resources Limited (the "Company") is a corporation continued under the Business Corporations Act (Ontario) incorporated on January 19, 1946. The Company changed its name to Delta Resources Limited from Golden Hope Mines Limited in June 2019. The Company's principal operations are mining properties and exploration expenditures made on properties that are not in commercial production. The Company is exploring its mining properties and has not determined whether or not the properties contain economically recoverable resources. The address of the registered office is 1718, Christine Crescent, Kingston, Ontario, Canada, K7L 4V4.

The Company's shares are traded on the TSX Venture Exchange under the symbol DLTA, on the Over-The-Counter Bulletin Board (OTCBB) under the symbol DTARF and on the Frankfurt Stock Exchange under the symbol 6G01.

2. Going concern

The Company has not yet determined whether its mining properties contain mineral deposits that are economically recoverable. The recoverability of mining properties is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; and the ability to obtain the financing required to complete exploration, evaluation, development and construction or the proceeds from the sale of such assets.

The Company had recurring losses in the current and prior years, including a net loss of $1,518,060 for the year ended December 31, 2021, has an accumulated deficit of $39,800,320 (2020 - $38,282,260) since its inception, and expects to incur further losses in the development of its business. Further, the business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in the discovery of economically recoverable reserves and resources and/or profitable mining operations.

In addition to ongoing working capital requirements, the Company must secure sufficient funding for the exploration and evaluation programs and pay general and administrative costs. The Company's ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. As at December 31, 2021, the Company has a working capital of $3,683,145 (2020- $1,466,033). Management estimates that funds on hand will not be sufficient to meet the Company's obligations and commitments and to pursue and complete the development of its mining properties. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

The conditions and uncertainties described above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's business plan is dependent on raising additional funds to finance operations within and beyond the next 12 months. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new debt or equity instruments, reduction in expenditures and/or the introduction of joint venture partners and/or business combinations on terms which are acceptable to the Company. Although the Company has been successful in the past at raising funds, there can be no assurance the Company will be able to secure financing in the future or that these sources of funding will be available.

The accompanying financial statements have been prepared using assumptions applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business 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 not limited to, twelve months from the end of the reporting period. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

2. Going concern – Cont'd

COVID-19 estimation uncertainty

The COVID-19 pandemic continues to cause significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. While the Company has experienced the impact of the outbreak of the Coronavirus (COVID-19) on its operations, it had continued to operate during the current pandemic. During the year ended December 31, 2020, the Company received an interest-free loan of $40,000 under the Canada Emergency Business account program (see Note 9). In the event of a prolonged continuation of the pandemic, it is not clear what the potential impact may be on the Company's business, financial position and financial performance.

3. Statement of compliance with IFRS

The financial statement have been prepared in accordance with the International Financial reporting Standards ("IFRS"). On April 13, 2022 the Board of Directors approved, for issuance, theses financial statements.

4. Significant Accounting Policies

Basis of measurement

The financial statements have been prepared on the historical cost basis, which are measured at fair value.

Currency translation

The financial statements of the Company are reported in Canadian dollars, which is the functional currency. Transactions in foreign currencies are translated at the exchange rates prevailing at the time they are made. At each closing date, assets and liabilities denominated in foreign currencies are converted at closing rates. Exchange differences resulting from transactions are recorded in the net loss for the year.

Refundable tax credit on mining duties and refundable tax credit related to resources

The Company is eligible for a refundable credit on mining duties under the *Québec Mining Duties Act*. This refundable credit on mining duties is equal to 16% applicable tax on 50% of the eligible expenses. The accounting treatment for refundable credits on mining duties depends on management's intention to either go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*, which generates a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no tax basis following the Company's election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded against exploration and evaluation assets.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources can represent up to 38.75% for eligible expenses incurred thereafter, and is recorded as a government grant against exploration and evaluation assets.

4. Significant Accounting Policies – Cont'd

The credits related to resources and credits for mining duties recognized against exploration and evaluation expenditures are initially recorded at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant.

Property and Equipment

Property and equipment are accounted for at cost less any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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 can be measured reliably. Amortization of property and equipment is calculated using the straight line method on the following rates:

Equipment	3 years
Building	25 years

Impairment of non-financial assets

The Company's non-financial assets are reviewed for indications of impairment at each statements of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss. An impairment loss recognized for goodwill is not reversed.

Leases

At inception of a contract, the Company assesses whether a 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. This policy is applied to contracts entered into (or changed) on or after 1 January 2020.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. Significant Accounting Policies – Cont'd

Government grant

Government grant is recognized when there is reasonable assurance of their recovery and recorded as a reduction of the related expense or cost of the asset acquired or as other income, as applicable.

Mining properties

Exploration and evaluation expenditure are costs incurred in the course of the initial search of mineral resources before the technicial feasibility and commercial viability of extracting a mineral resource are demonstrate.

Costs related to exploration and evaluation of mineral properties, option and lease payments and costs of acquiring mineral rights are recognized in profit or loss as incurred. The cost of exploration and evaluation expenditures acquired in exchange of shares of the Company are recognized at the closing market price of the shares at the acquisition transaction date.

Any option payments or proceeds from the sale of royalty interests received by the Company are recorded as income in the period received.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the project by the acquirer. In addition, the cash or the closing market price at the transaction date of the shares consideration received directly from the acquirer is recognized as proceed relating to the grant of options on mining projects in profit or loss.

Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the year, which is calculated using tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax

Deferred income taxes are accounted for using the liability method that requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the year of substantive enactment. Deferred tax assets, such as non-capital loss carry-forwards or deductible temporary difference, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax assets and liabilities are offset only when the Company has a right and intention of set off current tax assets and liabilities from the same taxation authority.

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

4. Significant Accounting Policies – Cont'd

Provisions

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments such as common shares and warrants issued by the Company are recorded under common shares and warrants caption at the proceeds received, net of direct issue costs.

Contributed surplus includes charges related to broker warrants and options compensation. When options are exercised, the related compensation cost is transferred to share capital.

Share-based compensation

The Company applies a fair value-based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized in its respective vesting period. The Company also provides for an estimate of the forfeiture rates in determining the total stock-based compensation expense.

Non-employee stock options are measured when the services are rendered by the consultant at the fair value of the services received, if the fair value can be measured reliably. In the case the fair value of the services cannot be measured reliably, the services are measured indirectly using the fair value of the equity instruments granted. If there are unidentifiable services, then they are measured at grant date. The cost of stock options is presented as share-based payment expense. On the exercise of stock options, share capital is credited for the consideration received and for the fair value amounts previously credited to contributed surplus.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of share-based payments.

Flow-through shares

The Federal and Provincial tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through shares.

At the time of the issuance of flow-through shares, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability related to flow-through shares. The Company estimates the fair value of the liabilities related to flowthrough shares using the residual method, deducting the quoted closing price of the common shares from the price of the flow-through shares at the date of the financing.

4. Significant Accounting Policies – Cont'd

Flow-through shares – Cont'd

The liability related to flow through shares recorded is reversed on renouncement of the right to tax deductions to the investors or when the Company has the intention to renounce of tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income taxes expense.

Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share is computed using the weighted average number of common and potential common shares outstanding during the year. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants using the treasury stock method.

Segment reporting

The Company presents and discloses segment information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment's performance. In this regard, the Company conducts its business in a single operating segment being the acquisition, exploration and development of exploration properties.

Financial instruments

Financial assets and financial liabilities at amortized cost

Classification of assets

The Company classifies financial instruments in accordance with IFRS 9. The Company's cash, other receivable, accounts payable, accrued liabilities and long-term debt are classified and measured at amortized cost.

Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The fair values of the Company's financial assets and liabilities classified in this category approximate their carrying amounts due to their short-term nature.

Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognized at cost on the trade date – the date on which the Company commits to purchase or sell the investment. Transaction costs are expensed as incurred in the statement of comprehensive income (loss). Financial assets are derecognized when the rights to receive cash flows have expired or the Company has transferred substantially all risks and rewards of ownership. Subsequent to initial recognition, all financial assets and financial liabilities are measured at amortized cost using the effective interest rate method. The update is committed if its effect is not significant.

5. Critical accounting estimates and judgments

Estimates and underlying assumptions are reviewed on an ongoing basis. revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Significant areas requiring the uses of management estimates relate to determining the the fair value of share purchase options granted and warrants issued and significant areas requiring the uses of management jugments relate to determining the ability to continue as a going concern.

5. Critical accounting estimates, judgments – Cont'd

Estimates and underlying assumptions are reviewed on an ongoing basis. revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Significant areas requiring the uses of management estimates relate to determining the the fair value of share purchase options granted and significant areas requiring the uses of management jugments relate to determining the refundable tax credit on mining duties and refundable tax credit related to resources and the ability to continue as a going concern.

Judgments

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is a material uncertainty regarding the Company's ability to continue as a going concern.

Estimates

Estimate of the fair value of share options

The fair value of each option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the share options at the grant date is based on the legal life of the share options and the historical exercise pattern of option holders. Management also estimates the expected forfeitures in calculating the fair value of each option. The expected volatility used to calculate the grant date fair value estimated taking into account the historical volatility of the Company's share price over the expected term of the options granted. Historical volatility is revised whenever facts and circumstances indicate that the historical volatility is no longer appropriate.

Such facts and circumstances include but are not limited to the Company entering a new phase of mining activity, the development of new technologies, changes to the financial position of the Company, and when the spread between market participants volatility data, derived from the calculation of the fair value of financial instruments and equity instruments issued by the Company, is significant. If management estimates that historical volatility requires an adjustment, the Company also takes into consideration the historical volatility of comparable companies at similar stages of development as the Company as well as the volatility estimates derived from the fair value calculation of financial instruments and equity instruments in periods when this information is available.

(in Canadian dollars)

6. Property and equipment

	Building	Land	Computer	Total
	$	$	$	$
2021				
Cost:				
Balance at January 1	**41,712**	**25,351**	**1,550**	**68,613**
Balance at December 31	**41,712**	**25,351**	**1,550**	**68,613**
Accumulated Depreciation:				
Balance at January 1	**(15,491)**	**-**	**(1,316)**	**(16,807)**
Additions	**(1,049)**	**-**	**(93)**	**(1,142)**
Balance at December 31	**(16,540)**	**-**	**(1,409)**	**(17,949)**
Net book value	**25,172**	**25,351**	**141**	**50,664**

	Building	Land	Computer	Total
	$	$	$	$
2020				
Cost:				
Balance at January 1	41,712	25,351	1,550	68,613
Balance at December 31	41,712	25,351	1,550	68,613
Accumulated Depreciation:				
Balance at January 1	(14,398)	-	(1,160)	(15,558)
Additions	(1,093)	-	(156)	(1,249)
Balance at December 30	(15,491)	-	(1,316)	(16,807)
Net book value	26,221	25,351	234	51,806

The building represents a warehouse at Ste-Justine, Quebec, for exploration site storage.

7. Accounts payable and accrued liabilities

	December 31, 2021	December 31, 2020
	$	$
Trade payable	**325,072**	450,846
Accruals	**59,061**	22,602
	384,133	473,448

(in Canadian dollars)

8. Other liabilities related to flow-through shares

	December 31, 2021 $	December 31, 2020 $
Balance, beginning of year	-	-
Increase in the year	337, 873	-
Decrease related to the incurring of expenses	(37,843)	-
Balance, end of year	300,030	-

Other liabilities related to flow-through shares represents the renunciation of tax deductions to investors following flow-through shares financing.

During the year ended December 31, 2021, the Company committed to pay, before December 31, 2022, $2,892,200 in eligible exploration and evaluation expenses, in accordance with the Income Tax Act of Canada and the Taxation Act of Quebec, and to transfer these tax deductions to investors in flow-through share investments completed in 2021. In connection with this commitment, the Company incurred cumulative eligible expenses of $285,920 as at December 31, 2021.

The disallowance of certain expenses by tax authorities could have negative tax consequences for investors or the Company. In such an event, the Company would indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

9. Long-term debt

	December 2021 **$**	December 2020 $
Balance, beginning of year	**30,000**	30,000
Minus: Current portion	**(30,000)**	-
Balance, end of year	**-**	30,000

On May 7, 2020, the Company received an interest-free loan of $40,000 under the Canada Emergency Business account program. The loan will mature on December 31, 2022. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25%. The Company has a reasonable assurance that the loan will be repaid by December 2022 and will receive the loan forgiveness. Therefore, the Company recorded in 2020 an amount of $10,000 under government grant in the statement of net loss and comprehensive loss.

(in Canadian dollars)

10. Common shares and warrants

Authorized: An unlimited number common shares, without par value :

Changes in Company common shares and warrants were as follows:

	December 31, 2021		December 31, 2020	
	Number	**Amount**	Number	Amount
		$		$
Balance, beginning of year	**35,347,907**	**32,220,814**	29,049,338	30,183,612
Shares issued pursuant to private placements (1)(6)(15)(19)	**3,346,955**	**972,249**	4,453,569	1,558,750
Shares issued pursuant to flow-through placement (2)(3)(7)(8)	**8,697,031**	**2,554,327**	-	-
Share issuance in consideration of exploration and evaluation expenditures (9)(10)(11)(14)(17)(18)(22)	**1,267,281**	**389,203**	1,350,000	441,750
Warrants exercised (4)(5)(12)(13)(16)(20)	**567,500**	**99,520**	395,000	60,900
Options exercised (21)	**-**	**-**	100,000	19,435
Share issue costs	**-**	**(442,459)**	-	(43,633)
Balance, end of year	**49,226,674**	**35,793,654**	35,347,907	32,220,814

(1) On December 21, 2021, the Company issued 503,703 units at a price of $0.27 per unit, for gross proceeds of $136,000. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at $0.40 for a 24-month period.

(2) On December 21, 2021, the Company issued 161,290 National Flow Through units at a price of $0.31 per unit, for gross proceeds of $49,999.90. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at $0.45 for a 24-month period. An amount of $49,999.90 was allocated to share capital, while $11,290 was attributed to other liabilities related to flow-through shares (Note 8).

(3) On December 21, 2021, the Company issued 44,117 Quebec Flow Through units at a price of $0.34 per unit, for gross proceeds of $14,999.78 Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at $0.45 for a 24-month period. An amount of $14,999.78 was allocated to share capital, while $4,412 was attributed to other liabilities related to flow-through shares (Note 8).

(4) On December 16, 2021, the Company received $10,400 following the exercise of 52,000 broker warrants at $0.20 each.

(5) On December 10, 2021, the Company received $2,520 following the exercise of 12,600 broker warrants at $0.20 each.

(6) On December 1, 2021, the Company issued 1,986,110 units at a price of $0.27 per unit, for gross proceeds of $536,249. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at $0.40 for a 24-month period.

10. Common shares and warrants – Cont'd

(7) On December 1, 2021, the Company issued 1,998,389 National Flow Through units at a price of $0.31 per unit, for gross proceeds of $619,500.59. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at $0.45 for a 24-month period. An amount of $619,500.59 was allocated to share capital, while $29,976 was attributed to other liabilities related to flow-through shares (Note 8).

(8) On December 1, 2021, the Company issued 6,493,235 Quebec Flow Through units at a price of $0.34 per unit, for gross proceeds of $2,207,699.90. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at $0.45 for a 24-month period. An amount of $2,207,699.90 was allocated to share capital, while $292,195 was attributed to other liabilities related to flow-through shares (Note 8).

(9) On October 18, 2021, the Company issued 800,000 common shares pursuant to the Delta-2 / R-14 Property Agreement. The total fair value of the common shares issued of $224,000 was determined using the closing price on the TSX Venture Exchange as at October 18, 2021.

(10) On October 2, 2021, the Company issued 167,281 common shares pursuant to the Delta-1 / Eureka Property Agreement. The total fair value of the common shares issued of $55,203 was determined using the closing price on the TSX Venture Exchange as at October 2, 2021.

(11) On July 23, 2021, the Company issued 200,000 common shares purtusant to the acquisition of a 100% interest in 8 (30 Units) in Blackewell, Laurie, Dawson Road Lots and Goldie Townships in Thunder Bay, Ontario and contiguous to the Delta-1 - Eureka property. The total fair value of the common shares issued of $68,000 was determined using the closing price on the TSX Venture Exchange as at July 23, 2021.

(12) On July 11, 2021, the Company received $3,750 following the exercise of 12,500 warrants at $0.30 each.

(13) In April, May and June 2021, the Company received $70,500 following the exercise of 475,000 warrants between $0.12 and $0.30 each.

(14) On May 28, 2021, the Company issued 100,000 common shares following the TSX Venture's approval on the Option Agreement related to the Dollier Property. The total fair value of the common shares issued of $42,000 was determined using the closing price on the TSX Venture Exchange as at May 28, 2021.

(15) On February 3, 2021, the Company issued 857,142 units at a price of $0.35 per unit, for gross proceeds of $300,000. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at $0.45 for a 24-month period.

(16) On January 27, 2021, the Company received $3,080 following the exercise of 15,400 broker warrants at $0.20 each.

(17) On October 19, 2020, the Company issued 800,000 common shares pursuant to the Delta-2 / R-14 Property Agreement. The total fair value of the common shares issued of $284,000 was determined using the closing price on the TSX Venture Exchange as at October 19, 2020.

(18) On October 3, 2020, the Company issued 500,000 common shares pursuant to the Delta-1 / Eureka Property Agreement. The total fair value of the common shares issued of $150,000 was determined using the closing price on the TSX Venture Exchange as at October 3, 2020.

(19) On September 29, 2020, the Company issued 4,453,569 units at a price of $0.35 per unit, for gross proceeds of $1,558,750. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at $0.50 for a 24-month period.

(20) In July and August 2020, the Company received $60,900 following the exercise of 395,000 warrants between $0.12 and $0.30 each.

(in Canadian dollars)

10. Common shares and warrants – Cont'd

(21) On June 26, 2020, the Company received $12,000 following the exercise of 100,000 options at a price of $0.12 each.

(22) On February 28, 2020, the Company issued 50,000 common shares pursuant the acquisition of 14 new claims contiguous to the Delta-2 / R-14 property. The total fair value of the common shares issued of $7,750 was determined using the closing price on the TSX Venture Exchange as at February 28, 2020.

Warrants issued and outstanding

Changes in share purchase warrants were as follows:

	December 31, 2021		December 31, 2020	
	Number of warrants	**Weighted Average Exercise Price**	Number of warrants	Weighted Average Exercise Price
Balance, beginning of year	**7,939,281**	**$0.28**	6,107,500	$0.19
Issued	**6,021,991**	**0.44**	2,226,781	0.50
Expired	**(2,375,000)**	**0.30**	-	-
Warrants exercised (1) (2)	**(487,500)**	**0.15**	(395,000)	0.15
Balance, end of year	**11,098,772**	**$0.37**	7,939,281	$0.28

(1) Between April and July 2021, the Company received $74,250 following the exercise of 487,500 warrants at a price between $0.12 and $0.30 each.

(2) In July and August 2020, the Company received $60,900 following the exercise of 395,000 warrants at a price between $0.12 and $0.30 each.

At December 31, 2021, the following exercisable warrants were outstanding:

Warrants	**Price**	**Expiry**
2,850,000	$0.12	June 10, 2022
2,226,781	0.50	September 29, 2022
428,570	0.45	February 3, 2023
4,245,812	0.45	December 1, 2023
993,055	0.40	December 1, 2023
102,703	0.45	December 21, 2023
251,851	0.40	December 21, 2023
11,098,772	$0.37	

(in Canadian dollars)

10. Common shares and warrants – Cont'd

Broker warrants issued and outstanding

Changes in broker warrants were as follows:

	December 31, 2021		December 31, 2020	
	Number of broker warrants	**Weighted Average Exercise Price**	Number of broker warrants	Weighted Average Exercise Price
Balance, beginning of year	**114,650**	**$0.25**	80,000	$0.20
Issued (3)(4)(6)	**626,613**	**0.45**	34,650	0.35
Exercised (1)(2)(5)	**(80,000)**	**0.20**	-	-
Balance, end of year	**661,263**	**$0.44**	114,650	$0.25

(1) On December 16, 2021, the Company received $10,400 following the exercise of 52,000 broker warrants at $0.20 each.

(2) On December 10, 2021, the Company received $2,520 following the exercise of 12,600 broker warrants at $0.20 each.

(3) On December 1, 2021, the Company issued 570,613 broker warrants as part of the private placements on that day. Each warrant entitles its holder to purchase one common share of the Company at $0.45 for a 24 months period. The fair value of these options was $155,123 based on the Black-Scholes option pricing model and based on the following assumptions: risk-free rate of 0.95%, life of 2 years, expected volatility of 249.5% and no expected dividends.

(4) On December 1, 2021, the Company issued 56,000 broker warrants as part of the private placements on that day. Each warrant entitles its holder to purchase one common share of the Company at $0.40 for a 24 months period. The fair value of these options was $15,311 based on the Black-Scholes option pricing model , and based on the following assumptions: risk-free rate of 0.95%, life of 2 years, expected volatility of 249.5% and no expected dividends.

(5) On January 27, 2021, the Company received $3,080 following the exercise of 15,400 broker warrants at $0.20 each.

(6) On September 29, 2020, the Company issued 34,650 broker warrants as part of the private placement on that day. Each warrant entitles its holder to purchase one common share of the Company at $0.35 for a 24 months period. The fair value of these options was $5,983 based on the Black-Scholes option pricing model and based on the following assumptions: risk-free rate of 0.24%, life of 2 years, expected volatility of 108.8% and no expected dividends.

At December 31, 2021, the following exercisable broker warrants were outstanding:

Broker warrants	**Price**	**Expiry**
34,650	$0.35	September 29, 2022
56,000	0.40	December 1, 2023
570,613	0.45	December 1, 2023
661,263	$0.44	

(in Canadian dollars)

10. Common shares and warrants – Cont'd

Share-based compensation

A summary of the status of the Company's stock option plan as of December 31, 2021 is as follows:

	December 31, 2021		December 31 2020	
	Number of options	**Weighted Average Exercise Price**	Number of options	Weighted Average Exercise Price
Balance, beginning of year	**2,910,000**	**$0.25**	1,815,000	$0.24
Issued [(1)(2)(3)(4)]	**-**	**-**	1,805,000	0.29
Exercised [(5)]	**-**	**-**	(100,000)	0.12
Expired unexercised	**(380,000)**	**0.34**	(610,000)	0.38
Balance, end of year	**2,530,000**	**$0.23**	2,910,000	$0.25

(1) On November 27, 2020, the Company granted 125,000 stock options to a consultant at an exercise price of $0.425 per common share expiring November 27, 2022. The fair value of these options was $29,198 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 0.25%, life of 2 years, expected volatility of 109.5% and no expected dividends.

(2) On August 24, 2020, the Company granted 200,000 stock options to a director at an exercise price of $0.40 per common share expiring August 24, 2025. The fair value of these options was $63,940 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 0.38%, life of 5 years, expected volatility of 114% and no expected dividends.

(3) On July 17, 2020, the Company granted 100,000 stock options to a consultant at an exercise price of $0.40 per common share expiring July 11, 2021. The fair value of these options was $16,827 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 0.24%, life of 1 year, expected volatility of 111% and no expected dividends

(4) On July 10, 2020, the Company granted 1,380,000 stock options to directors and officer at an exercise price of $0.26 per common share expiring July 10, 2025. The fair value of these options was $244,318 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 0.36%, life of 5 years, expected volatility of 89% and no expected dividends.

(5) On June 26, 2020, the Company received $12,000 following the exercise of 100,000 options at a price of $0.12 each. An amount of $7,435 has been recorded and transferred from contributed surplus.

At December 31, 2021, the following exercisable stock options were outstanding:

Options	**Exercisable**	**Price**	**Expiry**
125,000	125,000	$0.42	November 27, 2022
625,000	625,000	0.11	July 4, 2024
200,000	200,000	0.13	July 8, 2024
1,380,000	1,380,000	0.26	July 10, 2025
200,000	200,000	$0.40	August 24, 2025
2,530,000	2,530,000		

(in Canadian dollars)

11. Exploration and evaluation activities

The Company incurred the following evaluation and evaluation expenses during the years ended:

	December 31, 2021	December 31, 2020
	$	$
Exploration and evaluation expenditures acquired	**221,020**	514,593
Fees related to the grant of options on mining project	**378,203**	30,064
Drilling	**1,329,891**	534,157
Airborne survey	**19,197**	199,144
Soil sampling	**14,613**	-
Choice of area and review of previous data	**18,284**	366,831
Trenching	**262,006**	74,360
Community consultation	**134**	4,091
Geology and prospection	**92,269**	68,205
General exploration expenses	**77,440**	32,675
Analysis	**128,012**	30,806
Geophysical survey	**41,557**	-
Geochemical survey	**-**	69,496
Geophysical and geochemical	**72,154**	30,444
Refundable tax credit on mining duties and refundable tax credit related to resources	**(596,394)**	(524,646)
Cash proceeds from the grant of options on Bellechasse property	**(950,000)**	(350,000)
	1,108,386	1,080,220

Bellechasse Property

In January, 2020, the Company announced that it has signed a Letter of Intent (“LOI”) with Yorkton Ventures Inc. (“Yorkton”) for the sale of its interest in the Bellechasse property (the “Property”) and associated claims in southeastern Quebec for $1,700,000 subject to a 60 day due diligence period (the "Due Diligence Period").

The agreement is subject to Yorkton completing a legal, technical and environmental due diligence on the Property. If the due diligence is not satisfactory to Yorkton at its sole discretion, they shall have the right to terminate the LOI.

Proposed Terms of the Agreement:

To acquire a 100% interest in the Property, Yorkton will:

- Make a $100,000 cash payment within 10 days of signing of a definitive agreement (condition fulfield)
- Make a $250,000 cash payment within 90 days after signing of a definitive agreement (condition fulfield)
- Make a $350,000 cash payment within 180 days after signing of a definitive agreement (condition fulfield)
- Make a $450,000 cash payment within 270 days after signing of a definitive agreement
- Make a $550,000 cash payment within 360 days after signing of a definitive agreement

(in Canadian dollars)

11. Exploration and evaluation activities - Cont'd

Yorkton will also commit to paying Delta a gold royalty of l% NSR on any and all commercial production of gold. Yorkton may re-purchase 0.5% of the NSR for $1 Million at anytime.

In March 2020, Yorkton signed an amending agreement requesting an additional 15 day delay (starting May 5th, 2020) to complete and finalize the definitive agreement. Yorkon agree to pay Delta a $10,000.00 non-refundable deposit to preserve the exclusivity rights to the Bellechasse property.

In July, 2020, the definitive agreement described above has been signed by both parties.

On February 1, 2021 the Company announced the reception of the third tranche cash payment of $350,000 from Yorkton Ventures Inc. for the sale of its Bellechasse-Timmins Gold Deposit and also the signature of revised agreement signed on January 27, 2021 and September 23, 2021. The revised schedule of payment is as follow:

- $200,000 cash payment no later than August 1, 2021 (amount received)
- $400,000 cash payment no later than September 24, 2021 (amount received)
- $400,000 cash payment no later than March 1, 2022 (amount received)

The property now consists of approximately 138 (2020 – 138) claims for a total of 5,053 (2020 – 5,053) hectares.

Delta-2 / R-14 Property

On October 17, 2019, the Company announced the signing of an exclusive agreement to acquire a 100% interest in the Delta-2 / R-14 Gold Property in the Chibougamau Mining District of Quebec.

The terms of the agreement are as follows:

Anniversary Date	Cash Payment	Share Payment	Work Commitment
On signing	$0	1,000,000 (already issued)	n.a.
12 months	$25,000 (already paid)	800,000 (already issued)	$0
24 months	$50,000 (already paid)	800,000 (already issued)	$300,000 (condition fulfilled)
36 months	$100,000	700,000	$700,000

- The vendor holds a 2.0% NSR Royalty on the claims (except on the 41 legacy claims listed below). Delta may buy back 1.0% at any time for $1,000,000.
- 41 legacy claims are subject to a 1.5% NSR Royalty. Delta has the option to purchase 0.75% of this NSR for $500,000.

In February 2020, Delta has acquired 14 new claims contiguous to the Delta-2 / R-14 property, covering approximately 880 hectares. The terms of the agreement with Multi-Resources Boreal include a one-time payment of $5,000.00 and the issuance of 50,000 shares for a 100% interest in the claims. Delta also grants a 2% NSR to Multi-Resources Boreal with an option for Delta to buy back a 1% NSR at anytime for $1,000,000.

On May 20, 2020, Delta announced the addition, through staking, of an additional 30 claims, covering 1,669 hectares.

The property now consists of 362 (2020 - 320) contiguous mining claims covering a total area of 19,288.50 (2020 – 17,060.50) hectares.

(in Canadian dollars)

11. Exploration and evaluation activities - Cont'd

Delta-1 / Eureka Property

On October 3, 2019 the Company announced the signing of an exclusive agreement to acquire a 100% interest in the new Eureka gold Discovery in the Thunder Bay Mining District of Ontario.

The terms of the agreement are as follows:

Anniversary Date	Cash Payment	Share Payment	Work Commitment
On signing	$25,000 (already paid)	500,000 (already issued)	n.a.
12 months	$25,000 (already paid)	500,000 (already issued)	$200,000 (condition fulfilled)
24 months	$50,000 (already paid)	$50,000* (167,281 shares already issued)	$500,000 (condition fulfilled)
36 months	$75,000	$50,000*	$1,000,000
48 months	$150,000	n.a.	

*Amount payable in shares to a maximum of 500,000 shares

- The vendor holds a 1.75% NSR Royalty on the claims. Delta may buy back the first 0.75% at any time for seven years after the effective date of the agreement for $500,000 and the remaining 1% Royalty at any time after the first 0.75% is purchased for $4,000,000.
- Five legacy claims of the property are also subject to NSR Royalties ranging from 0.5% to 1% from an underlying agreement. Delta has the option to purchase 50% of this NSR for the sum of $50,000.
- The agreement also includes advanced royalty payments starting 7 years after the effective date of the agreement.

In December 2019, the Company signed an agreement with the Ontario Exploration Corporation (**the "OEC"**) to buy back a NSR of up to 1% on its Eureka property in the Thunder Bay District, Ontario. Under the terms of the agreement, Delta now has the exclusive right to purchase 50% of the OEC NSR at Eureka by paying the OEC the sum of $50,000 payable as follows:

- Payment of $15,000 before December 31, 2019 (already paid);
- Payment of $35,000 before May 31st, 2021 (already paid).

Once Delta exercises its right to buyback the first 50% of the OEC NSR, Delta shall have the right to purchase the second 50% tranche at anytime by paying the OEC an additional $50,000. Following the purchase of the second 50% tranche, Delta will have purchased the entire NSR Royalty currently owned by the OEC on the Eureka Property.

The OEC currently owns between 0.5% and 1.0% NSR royalty on certain claims of the Eureka property. More specifically, the OEC owns a 1.0% NSR on the claims covering the Eureka Gold prospect, Matawin and Kaspar gold occurrences and a 0.5% NSR on the claims surrounding the Kaspar occurrence.

In July 2021, the Company announced the acquisition of a 100% interest in eight claims (30 Units) in Blackewell, Laurie, Dawson Road Lots and Goldie Townships in Thunder Bay, Ontario and contiguous to the Delta-1 - Eureka property. The Parties have agreed that Delta make a one-time $6,000 payment (already paid) and the issue 200,000 common shares (already issued) of Delta to the Vendor for a 100% interest in the claims free and clear of encumbrances. The Vendor retains a 1.5% NSR royalty on the Property. Delta retains the right to buy back 0.5% of the NSR at any time for $400,000 and retains a Right of First Refusal on the remaining 1% NSR royalty.

(in Canadian dollars)

11. Exploration and evaluation activities - Cont'd

Delta-1 / Eureka Property – Cont'd

The property now consists of 245 (2020 – 245) contiguous unpatented mining claims covering a total area of 4,495 (2020 - 4,495) hectares.

Dollier Property

In May 2021, the Company has optioned the Dollier Property in Chibougamau, Quebec from Cartier Resources Inc. ("Cartier"). Delta shall have the sole and exclusive right to earn a 100% Interest.

The terms of the agreement are as follows:

Anniversary Date	Cash Payment	Share Payment	Work Commitment
On signing	$10,000 (already paid)	100,000 (already issued)	n.a.
12 months	n.a.	100,000	n.a.
24 months	n.a.	200,000	n.a.
36 months	n.a.	200,000	n.a.
48 months	n.a.	n.a.	$1,000,000

Upon earning a 100% interest in the Dollier Property, Cartier will be granted a 2% NSR production royalty. Delta will have the exclusive right to purchase the first 1% NSR for $2,000,000 and the second 1% NSR for $15,000,000.

12. Income taxes

a) Provision for income tax reconciliation

The recovery of income taxes attributable to the loss before taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% as a result of the following:

	2021	2020
	$	$
Loss before income taxes	**(1,555,903)**	(1,916,400)
Tax using the Company's domestic tax rate	**(412,314)**	(507,846)
Share-based compensation	**-**	93,885
Other permanent differences	**39,120**	68,879
Change in tax rate and other items	**-**	17,507
Deferred tax asset not recognized	**259,583**	288,776
Adjustment for prior years	**-**	38,799
Tax expense related to flow-through share deduction	**75,768**	-
	(37,843)	-

(in Canadian dollars)

12. Income taxes – Cont'd

b) Unrecognized deductible temporary differences consist of the following:

	2021	2020
	$	$
Exploration and evaluation assets	**10,159,878**	9,506,925
Property and equipment	**17,949**	16,807
Non-capital losses carried-forward	**10,179,432**	9,600,040
Share issuance and finance costs	**399,820**	64,410
	20,757,079	19,188,182

At December 31, 2021, the Compagny had non-capital loss carry forwards available to reduce future years' income for tax purposes. The non-capital losses will expire as follows:

	Federal	Provincial
	$	$
2027	679,921	679,921
2028	843,193	843,193
2029	868,387	701,458
2030	1,316,077	1,186,075
2031	1,180,423	1,169,772
2032	1,193,612	1,189,683
2033	707,448	706,030
2034	384,781	382,802
2035	279,164	275,566
2036	609,446	604,965
2037	472,109	469,443
2038	265,098	261,106
2039	293,151	288,322
2040	507,230	506,030
2041	579,392	576,547
	10,179,432	9,840,913

As at December 31, 2021, the Company has Pre-Production Mining income tax credits in the amount of $22,973. These credits can be used against Canadian federal income taxes payable and expire from 2032 to 2037.

13. Complementary information related to cash flows

Net change in non-cash operating working capital items:

	2021	2020
	$	$
Sales tax receivable	**28,415**	(90,713)
Prepaid expenses	**27,620**	22,402
Accounts payable and accrued liabilities	**(89,315)**	340,513
	(33,280)	272,202

(in Canadian dollars)

13. Complementary information related to cash flows – Cont'd

Items not affecting cash:

	2021 **$**	2020 $
Share issuances in consideration of exploration and evaluation expenditures	**389,203**	**441,750**
Flow-through share premium liability	**337,873**	-
Share issue costs	**170,640**	-
Proceed receivable from issuance of shares units	**21,000**	-

14. Related party transactions

The following table reflects the remuneration of key management and directors of the Company:

	2021 **$**	2020 $
General administrative expenses (1)	**77,263**	84,055
Management fees (2)	**60,000**	60,000
Professional fees (3)(4)	**47,420**	40,821
Exploration and evaluation expenditures (1)(4)	**147,273**	234,780
Share-based payments	**-**	298,520
	331,956	718,176

(1) During the year ended December 31, 2021, a total of $132,140 ($128,075 in 2020) was paid to André C. Tessier, President and Chief Executive Officer of the Company. That total included (i) $77,263 ($84,055 in 2020) as general administrative expenses, (ii) $54,877 ($44,020 in 2020) for exploration and evaluation expenditures of the Company.

(2) During the year ended December 31, 2021, the Company incurred management fees in the amount of $60,000 (2020 - $60,000), with 9132-8757 Quebec Inc., a company owned by Frank Candido, the former President (now Chairman and Vice-President of Corporate Communications) of the Company. In relation with these transactions no amount was payable as at December 31, 2021 and 2020.

(3) During the year ended December 31, 2021, the Company incurred professional fees in the amount of $47,420 (2020 - $33,879), with Nathalie Laurin, the Chief Financial Officer of the Company. In relation with these transactions $6,839 was payable as at December 31, 2021 (2020 – $1,830).

(4) During the year ended December 31, 2021, the Company incurred an amount of $92,396 (2020 - $190,759) in exploration and evaluation expenditures and incurred during the year ended December 31, 2020 and an amount of $6,942 in other professional fees, with 7529449 Canada Inc., a company owned by Michel Chapdelaine, the Former Vice President Exploration and Former Chief Operating Officer of the Company. In relation with these transactions, no amount was payable as at December 31, 2021 (2020 - $42,966 accrued).

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

15. Contigent liabilities

The Company's operations are governed by governemental laws and regulations regarding environmental protection Environmental consequences are difficult to identify, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in compliance with the laws and regulations. Any additional payment to liability already recorded that result from restoration costs will be accrued in the financial statements only when they will be reasonably restimated and will be charged to the earnings at that time.

16. Commitments

In October 2020, the Company signed a lease contract for its Chibougamau office, starting January 1, 2021 and expiring in December 31, 2021. Minimum payments, totaling $22,500, are solely comprised of payments to be made in 2021. In January 2022, the Company has renewed for an additional year at the same financial conditions.

Under rules established by the Ministère de l'Énergie et Ressources naturelles of the province of Québec, the Company is required to spend the amount of approximately $12,397 to maintain the claims on its properties in 2022.

In addition, the Company has the following royalty commitments resulting from past transactions:

- Net profit royalty of 5% on net profits greater than $250,000 for 4 claims acquired from La Société Minière Colmo.
- Net smelter royalty of 2% for 26 claims acquired from a prospector in 2010.

17. Capital management

The Company defines capital as equity amounting to $3.703.809 as at December 31, 2021 ($1,487,839 as at December 31, 2020).

The Company's objectives when managing capital are to:

- ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and
- utilize short term funding sources to manage its working capital requirements.

The Company has no externally imposed restrictions on capital. There were no significant changes in the Company's approach to capital management during the year ended December 31, 2021.

18. Loss per share

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

(b) *Diluted loss per share*
Diluted loss per share is computed by dividing net loss for a period by the diluted number of common shares. Diluted common shares includes the effects of instruments, such share options and warrants, which could cause the number of common shares outstanding to increase.

(in Canadian dollars)

18. Loss per share – Cont'd

The Company reported a net loss for the years ended December 31, 2021 and 2020; the Company has accordingly presented basic and diluted loss per share, which are the same, on a single line in the statements of loss and comprehensive loss. Diluted loss per share did not include the effect of share purchase options and warrants as they were anti-dilutive.

19. Financial instruments

a) Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company is exposed to credit risk wit respect to cash and other receivable. The carrying amount of these financial instruments represent the Company's maximum exposure to credit risk. Cash are composed of deposits with Canadian financial institutions.

b) Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

	Carrying amount	Contractual cashflows	0 to 12 months	12 to 24 months
	$	$	$	$
Accounts payable and accrued liabilities	384,133	384,133	384,133	-
Long-term debt	30,000	30,000	-	30,000

c) The fair value of cash, other receivable, accounts payables and accrued liabilities approximates their carrying value due to their short-term nature. The fair value of the long-term debt is determined on the basis of discounted cash flow using the rate applicable at the date of the statement of financial position for a given instrument. The rate is similar to the rate applicable to the long-term debt instruments. The fair value of the long-term debt approximates its book value.

20. Subsequent events

On January 7, 2022, the Company granted 1,900,000 stock options to directors, officer and consultants at an exercise price of $0.25 per common share that vest over a period of 5 years and expire January 7, 2027.

On January 1, 2022, the Company signed a contract with MI3 Communications Financières Inc., in exchange for their services, MI3 will receive a monthly payment of $6,000 for a six-month period.

On March 11, 2022, the Company signed a Consulting Services Agreement with Mr. Daniel Boudreau, in exchange for his services, Mr. Boudreau will receive a bi-weekly payment of $5,275 plus applicable taxes and 100,000 stock options at an exercise price of $0.21 per common share that vest over a period of 2 years were granted.

In March 2022, the Company received a last tranche cash payment of $400,000 from Yorkton Ventures for the sale of its Bellechasse Property.

21. Comparative figures

Certain comparative figures have been reclassified to conform to the current financial statements presentation.