FLYING NICKEL MINING CORP.

Interim Condensed Financial Statements
For the three months ended March 31, 2022

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

RESPONSIBILITY FOR INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying condensed interim financial statements of Flying Nickel Mining Corp. and all information in this financial report are the responsibility of the Board of Directors and Management. The unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standard ("IAS") 34 – Interim Financial Reporting and, where appropriate, include management's best estimates and judgments. Management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that financial information is timely and reliable. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the condensed interim financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee. The Board of Directors appoints the Audit Committee, and all of its members are independent directors. The Audit Committee meets periodically with Management and the auditors to review internal controls, audit results, accounting principles and related matters. The Board of Directors approves the condensed interim financial statements on recommendation from the Audit Committee.

"Danniel Oosterman"	"***Katerina Deluca"***
Danniel Oosterman	Katerina Deluca
Chief Executive Officer	Chief Financial Officer

May 26, 2022

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FLYING NICKEL MINING CORP.
Interim Condensed Statements of Financial Position
As at March 31, 2022 and December 31, 2021
(Expressed in Canadian Dollars) (Unaudited)

	Notes	As at March 31, 2022	As at December 31, 2021
Assets			
Current assets			
Cash		$ 5,037,707	$ -
Restricted cash	**6**	-	6,715,407
Receivables		42,429	-
Prepaid expenses	**4**	352,095	400,138
Due from related party	**11**	522,564	868,688
Non-Current assets			
Mineral Properties	**5**	35,908,122	-
Total assets		$ 41,862,917	$ 7,984,233
Liabilities and Equity			
Current liabilities			
Acccounts payable and accrued liabilities		$ 525,978	$ 362,072
Premium on flow-through shares	**7**	74,191	132,225
Liability for subscription receipts	**6**	-	6,376,712
		600,169	6,871,009
Equity			
Share Capital	**8**	42,459,073	1,247,240
Contributed Surplus	**8**	347,569	37,586
Warrants to be issued	**8**	-	189,040
Deficit		(1,543,894)	(360,642)
Total equity		41,262,748	1,113,224
Total liabilities and equity		$ 41,862,917	$ 7,984,233

Description of Business and Nature of Operations (Note 1)
Subsequent Events (Note 13)

Approved on behalf of the Board:

"John Lee" *"Mark Scott"*

John Lee
Director and Chairman

Mark Scott
Director

Vancouver, British Columbia

The accompanying notes form an integral part of these unaudited interim condensed financial statements.

FLYING NICKEL MINING CORP.
Interim Condensed Statements of Operations and Comprehensive Loss
For the three months ended March 31, 2022
(Expressed in Canadian Dollars) (Unaudited)

	Notes		Three months ended March 31, 2022
General and Administrative Expenses			
Advertising and promotion		$	459,053
Consulting	**11**		104,405
Directors fees	**11**		19,000
Insurance			4,542
Stock exchange and shareholder services			105,833
Office and administration			22,793
Salaries and benefits	**11**		209,180
Shared based payments	**8**		110,219
Professional fees			168,442
Travel and accomodation			37,819
			1,241,286
Other items			
Recovery of flow-through liability	**7**		(58,034)
Loss and Comprehensive Loss for the Period		$	1,183,252
Loss per Common Share			0.02
Weighted Average Number of Common Shares Outstanding			52,181,112

The accompanying notes form an integral part of these unaudited interim condensed financial statements.

FLYING NICKEL MINING CORP.
Interim Condensed Statements of Changes in Equity
For the three months ended March 31, 2022
(Expressed in Canadian Dollars) (Unaudited)

	Notes	Number of shares issued and outstanding	Share Capital	Contributed Surplus	Warrants to be Issued	Deficit	Total
Balance, December 31, 2021		**1,992,438**	**$ 1,247,240**	**$ 37,586**	**$ 189,040**	**$ (360,642)**	**$ 1,113,224**
Share cancelled on completion of the Arrangememt		(1)	(1)	-	-	-	(1)
Shares issued under the Arrangement	8	50,000,000	35,000,000	-	-	-	35,000,000
Conversion of subscription receipts, net of share issue costs	8	10,094,033	6,400,874	-	-	-	6,400,874
Broker warrants	8	-	(189,040)	189,040	-	-	-
Warrants issuable		-	-	-	(189,040)	-	(189,040)
Share-based payments	8	-	-	120,943	-	-	120,943
Net loss and comprehensive loss for the period		-	-	-	-	(1,183,252)	(1,183,252)
Balance, March 31, 2022		**62,086,470**	**$ 42,459,073**	**$ 347,569**	**$ -**	**$ (1,543,894)**	**$ 41,262,748**

The accompanying notes form an integral part of these unaudited interim condensed financial statements.

FLYING NICKEL MINING CORP.
Interim Condensed Statements of Cash Flows
For the three months ended March 31, 2022
(Expressed in Canadian Dollars) (Unaudited)

	Notes		Three months ended March 31, 2022
Operating Activities			
Net loss for period		$	(1,183,252)
Items not affecting cash			-
Recovery of flow-through liability	**7**		(58,034)
Share-based payment	**8**		110,219
Changes to working capital items			-
Receivables			(42,429)
Prepaid expenses			48,043
Due from related party	**11**		346,124
Accounts payable and accrued liabilities			(190,747)
Cash Used in Operating Activities			(970,076)
Investing Activities			
Mineral property expenditures			(542,745)
Cash Used in Investing Activities			(542,745)
Financing Activities			
Share issue costs			(164,879)
Cash Used in Financing Activities			(164,879)
Net Increase in cash			(1,677,700)
Cash - beginning of period			-
Cash released from escrow			6,715,407
Cash - end of period		$	5,037,707

The accompanying notes form an integral part of these unaudited interim condensed financial statements.

(Expressed in Canadian Dollars) (Unaudited)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Flying Nickel Mining Corp. (the "Company" or "NickelCo") is a premier nickel sulphide mining and exploration company and is advancing its 100% owned Minago nickel project in the Thompson nickel belt in Manitoba, Canada.

On March 4, 2022, the Company's common shares were publicly listed on the TSX Venture Exchange under the symbol "FLYN". On April 8, 2022 the Company's common shares have started trading on the US OTCPK under the symbol "FLYNF". The Company has applied to upgrade the listing to the OTCQB.

The Company was incorporated on December 21, 2020, under the laws of the province of British Columbia, Canada and maintains its registered and records office at Suite 1610 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

These unaudited interim condensed financial statements (the "Interim Financial Statements") have been prepared under the assumption that the Company is a going concern, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. As at March 31, 2022, the Company has a deficit of $1,543,894. The operations of the Company have been primarily funded by the issuance of capital stock.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt on the entity's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue its business.

2. ARRANGEMENT AND TRANSFER OF ASSETS

On January 14, 2022, Silver Elephant Mining Corp. ("ELEF") completed a strategic reorganization of its business through a statutory plan of arrangement (the **"Arrangement**") under the Business Corporations Act (British Columbia) pursuant to which certain assets of ELEF were spun-out to the Company. Pursuant to the Arrangement, the common shares of Silver Elephant Mining Corp. were consolidated on a 10:1 basis and each holder of common shares received in exchange for every 10 pre-Consolidation common shares held: (i) one post Consolidation common share of Silver Elephant Mining Corp.; (ii) one common share of Flying Nickel Mining Corp.; (iii) one common share of Nevada Vanadium Mining Corp., and (iv) two common shares of Battery Metals Royalties Corp.

The fair value of the net assets contributed pursuant to the Arrangement consisted of the following:

Assets:	
Mineral Properties	35,031,008
Liabilities	
Trade and other payables	(31,008)
Fair value of net assets contributed	**35,000,000**

Pursuant to the Arrangement, the Company issued 50,000,000 common shares in consideration for the net assets received which resulted in an increase of share capital amounting to $35,000,000 (Note 8). The fair value of the shares issued was based on the concurrent private placement unit price.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance and basis of preparation

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2021 ("Annual Financial Statements"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended December 31, 2021. These unaudited interim condensed financial statements follow the same accounting policies and methods of application as the Annual Financial Statements, except as noted in Note 3(c).

These unaudited condensed interim financial statements were approved and authorized for issue by the Audit Committee on May 26, 2022.

(b) Use of judgments and estimates

In preparing these interim financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements.

(c) New accounting policies adopted by the Company in the current period

Net assets acquired under the plan of arrangement

Assets and liabilities acquired under the plan of arrangement have been assessed individually to determine their fair value under current market conditions. Fair value is measured with reference to the fair value of the equity issued as consideration. The Company believes that the valuation assumptions reflect a reasonable estimate of the fair value of each account or asset.

Leases

At inception of a contract, we assess 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. We assess whether the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset. At inception or on assessment of a contract that contains a lease component, we allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. As a lessee, we recognize a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of a lease. The right-of-use asset is initially 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. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, our incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, and extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit (loss). We have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit (loss) on a straight-line basis over the lease term.

The Company does not currently have any leases that satisfy the conditions under IFRS 16 – leases to record a right-of-use asset and corresponding lease liability. As at March 31, 2022, the Company has capitalized an amount of $148,317 related to short-term leases to mineral properties.

Mineral properties

Mineral property assets consist of exploration and evaluation costs. Costs directly related to the exploration and evaluation of resource properties are capitalized to mineral properties once the legal rights to explore the resource properties are acquired or obtained. These costs include acquisition of rights to explore, license and application fees, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed at least annually for indicators of impairment and are tested for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balances of the payments received are recorded as a gain on option or disposition of mineral property.

(i) Title to mineral properties

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title, nor has the Company insured title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(ii) Realization of mineral property assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, and the attainment of successful production from properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into profitable producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

(Expressed in Canadian Dollars) (Unaudited)

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

(iii) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. As at March 31, 2022, the Company is not aware of any existing environmental issues related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

4. PREPAID EXPENSES

		March 31, 2022		December 31, 2021
General	$	92,500	$	-
Prepayment for management services (Note 11)		221,637		400,138
Insurance		37,958		-
	$	352,095	$	400,138

5. MINERAL PROPERTIES

		Minago project
Balance, December 31, 2021	**$**	**-**
Additions:		
Assets transferred under the Arrangement	$	35,031,008
Exploration costs:		
Licenses, tax, fees and permits		26,260
Geological and consulting		702,537
Personnel, camp and general		148,317
Balance, March 31, 2022	$	35,908,122

On January 14, 2022, pursuant to the Arrangement, the Company issued 50,000,000 common shares in consideration for Minago Nickel project mineral property assets and the assumption of certain liabilities related to the underlying assets. The fair value of Minago project of $35,000,000 was determined based on the Company's private placement, pursuant to which 10,094,033 common shares were issued at a price of $0.70 per share.

The Minago Project is located in northern Manitoba, Canada within the southern part of the Thompson Nickel Belt.

Minago Royalty

On January 14, 2022, under the terms of the Arrangement and pursuant to the royalty agreement between the Company and ELEF dated August 25, 2021 ("Minago Royalty Agreement"), the Company has granted and agreed to pay, among other things, in each fiscal quarter where the average price per pound of nickel as reported on the Nominated Metals Exchange or Substitute Metals Exchange (in each case as defined in the Minago Royalty Agreement) in the event such pricing is not reported on the Nominated Metals Exchange exceeds $15.00, to the Company, a royalty equal to two per cent (2%) of returns in respect of all mineral products produced from certain mineral claims and leases in Manitoba, Canada which comprise Flying Nickel's Minago nickel property after the commencement of commercial production. Each royalty payment will be provisional and subject to adjustment in accordance with the Minago Royalty Agreement.

Glencore Net Smelter Royalty

The Minago property claims are subject to a net smelter return ("NSR") royalty interest (the "Glencore Royalty") retained by Glencore Canada Corporation ("Glencore"). The Glencore Royalty in respect of nickel, shall for any calendar quarter be: (i) 2% NSR royalty when the London Metals Exchange 3-month nickel price is equal to or greater than US$13,227.74 per tonne in that quarter; and (ii) a 1% NSR when the London Metals Exchange 3-month nickel price is less than US$13,227.74 per tonne in that quarter. The Glencore Royalty in respect of other minerals, metals and concentrates, shall be a 2% NSR. In the event that the Glencore Royalty consists of a 2% NSR royalty, Flying Nickel may purchase a portion of the royalty interest which represents in the aggregate no more than 1% of the royalty interest for $1,000,000. The Glencore Royalty interest shall never be less than a 1% NSR.

6. SUBSCRIPTION RECEIPTS

On November 29, 2021, pursuant to the Arrangement (Note 2), the Company issued:

(i) 10,094,033 subscription receipts of the Company (each, a "Non-FT Subscription Receipt") at a price of $0.70 per Non-FT Subscription Receipt for gross proceeds of $7,065,824 from the sale of Non-FT Subscription Receipts; and

(ii) 1,992,437 flow-through eligible subscription receipts of the Company (each, a "FT Subscription Receipt) at a price of $0.77 per FT Subscription Receipt for gross proceeds of $1,534,176;

On December 30, 2021, gross proceeds of $1,534,176 were released from escrow to Flying Nickel upon converting an aggregate of 1,992,437 FT Subscription Receipts into 1,992,437 flow-through common shares of Flying Nickel at a price of $0.77 per share (Note 8).

Gross proceeds of $7,065,824 from the issuance of 10,094,033 NFT Subscription Receipts of the Company remained subject to escrow as at December 31, 2021. The Company incurred broker commissions and out-of-pocket costs of $664,950. Warrants issuable of $189,040 were recorded as equity (Note 8) and added to deferred transaction costs to be netted against the subscription receipts.

On January 14, 2022 the Subscription Receipts were released to the Company upon satisfaction of certain additional escrow release conditions, including receipt of final approval of the Supreme Court of British Columbia, in connection with the Arrangement.

(Expressed in Canadian Dollars) (Unaudited)

7. PREMIUM ON FLOW-THROUGH SHARES

During the period ended December 31, 2021, the Company issued 1,992,437 flow-through shares for gross proceeds of $1,534,176 (Notes 6 and 8) and recognized a deferred premium of flow-through shares of $139,471.

A continuity of the premium on flow-through shares is as follows:

		As at March 31, 2022		As at December 31, 2021
Balance, beginning of the year	$	132,225	$	-
Liability incurred on flow-through shares issued		-		139,471
Settlement on expenditures made recorded as other income		(58,034)		(7,246)
Balance, end of year	$	74,191	$	132,225

8. SHARE CAPITAL

a) Authorized Share Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As at March 31, 2022, the Company had 62,086,470 (December 31, 2021 – 1,992,438) common shares issued and outstanding.

b) Issued Share Capital

On January 14, 2022, pursuant to the Arrangement, the Company issued 50,000,000 common shares with a fair value of $0.70 per share (Note 2).

On January 14, 2022 and February 28, 2022, a total of 5,844,033 and 4,250,000 non-FT Subscription Receipts (Note 6) were converted into 5,844,033 and 4,250,000 units (the “Units”) of the Company at a price of $0.70 per Unit, with each Unit consisting of one common share and one-half of one common share purchase warrant exercisable at a price of $1.00 until November 29, 2023, for gross proceeds of $7,065,824. The Company incurred broker commissions and out-of-pocket costs of $664,950 which has been recorded as share issuance costs. An aggregate of 597,069 broker warrants with a fair value of $189,040 were issued, with each broker warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.70 per common share until November 29, 2023.

On January 14, 2022, pursuant to the Arrangement, the Company cancelled one founder share with a fair value of $1.

During the period from incorporation on December 21, 2020 to December 31, 2021

On December 30, 2021, a total of 1,992,437 FT Subscription Receipts (Note 7) were converted into 1,992,437 flow-through common shares of the Company at a price of $0.77 per share, for gross proceeds of $1,534,176. The Company incurred broker commissions and out-of-pocket costs of $109,880 which has been recorded as share issuance costs. An aggregate of 119,546 broker warrants with a fair value of $37,586 were issued, with each broker warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.70 per common share until November 29, 2023.

On December 21, 2020, the Company issued one founder share with a fair value of $1 upon incorporation of the Company to Silver Elephant Mining Corp.

(Expressed in Canadian Dollars) (Unaudited)

c) Share purchase warrants

The following is a summary of changes in the Company's share purchase warrants during the three months ended March 31, 2022.

	Number of Warrants		Weighted Average Exercise Price
Outstanding, December 31, 2021	**119,546**	**$**	**0.70**
Issued - broker warrants	597,069	$	0.70
Issued - financing warrants	5,047,017		1.00
Outstanding, March 31, 2022	**5,763,632**	**$**	**0.96**

The fair value of $189,040 of issued 597,069 broker warrants was determined using the Black-Scholes option pricing model using the following assumptions: (1) a risk-free interest rate of 0.96%; (2) expected life of two years; (3) expected volatility of 83%, and (4) dividend yield of nil.

As of March 31, 2022, the following warrants were outstanding:

Exercise Price	Expiry	Number of Warrants as at March 31, 2022
$0.70	November 29, 2023	716,615
$1.00	November 29, 2023	5,047,017

d) Share based compensation plan

The Company has a 10% rolling equity-based compensation plan in place, as approved by the Company's shareholders on December 22, 2021 (the "2021 Plan"). Under the 2021 Plan, the Company may grant stock options, bonus shares or stock appreciation rights. All stock options and other share-based awards granted by the Company, or to be granted by the Company, since the implementation of the 2021 Plan will be issued under, and governed by, the terms and conditions of the 2021 Plan. The stock option vesting terms are determined by the Board of Directors on the date of grant with a maximum term of 10 years.

During the three months ended March 31, 2022 the Company has granted stock options to acquire up to 5,390,000 common shares to certain directors, officers and consultants, of which 80,000 stocks options were subsequently cancelled. The stock options are exercisable for a five-year term with 5,160,000 of the options expiring on March 4, 2027 with an exercise price of $0.70 per common share and 150,000 options expiring on March 17, 2027 with an exercise price of $0.74 per common share. The options are subject to vesting provisions, with 12.5% vesting per quarter for the first two years following the grant date.

The following is a summary of changes in the Company's options during the three months ended March 31, 2022.

	Number of Options	Weighted Average Exercise Price
Outstanding , December 31, 2021	**-**	**-**
Granted	5,390,000	$0.70
Expired	-	-
Cancelled	(80,000)	$0.70
Exercised	0	-
Total	**5,310,000**	$0.70

(Expressed in Canadian Dollars) (Unaudited)

The following table summarizes the stock options outstanding as at March 31, 2022.

Exercise price	Expiry Date	Options outstanding	Unvested
$0.70	March 4, 2027	5,160,000	5,160,000
$0.74	March 17, 2027	150,000	150,000
		5,310,000	**5,310,000**

Share-based payment expenses resulting from stock options are amortized over the corresponding vesting periods. Share based payments are either capitalized as exploration costs where related to mineral properties or expensed as general and administrative expenses where related to general operations of the Company.

The three months ended March 31, 2022 included $110,219 in share-based payment costs related to stock options expensed as general and administrative expenses and $10,724 capitalized to mineral properties.

During the three months ended March 31, 2022, the share-based payment expenses were calculated using the following weighted average assumptions:

	March 31, 2022
Grant date fair value	$0.7-$0.74
Risk free interest rate	1.46-2.02%
Expected life	5
Expected volatility	81-84%
Dividend yield	0%
Forfeiture rate	0%

9. FINANCIAL INSTRUMENTS

a) Fair Value

Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian Dollars) (Unaudited)

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest to Level 3 inputs. The following table sets forth the Company's financial assets and financial liabilities measured at fair value by level within the fair value hierarchy.

		Level 1		Level 2		Level 3
Financial assets:						
Cash, March 31, 2022	$	5,037,707				
Restricted Cash, December 31, 2021	$	6,715,407	$	-	$	-

Categories of financial instruments

The Company considers that the carrying amount of all its financial assets and financial liabilities measured at amortized cost approximates their fair value due to their short term nature. Restricted cash approximates fair value due to the nature of the instrument. The Company does not offset financial assets with financial liabilities. There were no transfers between Level 1, 2 and 3 for the period ended March 31, 2022.

The Company's financial assets and financial liabilities are categorized as follows:

		March 31, 2022		December 31, 2021
Financial assets:				
Fair value through profit or loss				
Cash and cash equivalents		5,037,707		
Restricted Cash	$	-	$	6,715,407
Amortized cost				
Receivables		42,429		
Due from related party		522,564		868,688
	$	5,602,700	$	7,584,095
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	$	525,978	$	362,072
Liability for subscription receipts		-		6,376,712
	$	525,978	$	6,738,784

b) Financial risk management

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 reduces its credit risk on restricted cash by placing these instruments with institutions of high credit worthiness. As at March 31, 2022, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its financial obligations as they fall due. The Company manages liquidity risk by preparing cash flow forecasts of upcoming cash requirements. As at

March 31, 2022 the Company had a cash balance of $5,037,707 (December 31, 2021: restricted cash of $6,715,407) and had accounts payable and accrued liabilities of $525,978 (December 31, 2021: $362,072), which have contractual maturities of 90 days or less.

The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process in normal circumstances.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and equity price risk.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as at March 31, 2022.

(ii) Currency Risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As at March 31, 2022, the Company had no financial instruments denominated in foreign currencies and is not exposed to any currency risk.

(iii) Equity Price Risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken. Fluctuations in value may be significant.

10. CAPITAL RISK MANAGEMENT

Management considers its capital structure to consist of share capital, share purchase options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to, and required by the Company in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative returns on capital criteria for management. In order to facilitate the management of its capital requirement, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors. The annual and updated budgets are approved by the Board of Directors.

The properties, to which the Company currently has an interest in, are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There were no changes in managements approach to capital management during the period ended March 31, 2022. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars) (Unaudited)

11. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

		As at March 31, 2022		As at December 31, 2021
Prepayment for management services	$	221,637	$	400,138
Due from related party		522,564		868,688
Accounts payable and accrued liabilities		(47,000)		(14,000)
	$	697,201	$	1,254,826

The Company has entered into a Mutual Management Service Agreement (the "Agreement") with ELEF, pursuant to which the Companies will provide each other with general, technical and administrative services, as reasonably requested. The prepayment for management services of $221,637 represents the outstanding balance of $500,000 prepaid. In connection with the Agreement, the Company has recorded $114,477 in cost recoveries related to services provided.

The due from related party balance as at March 31, 20212 represents the remaining balance receivable from ELEF relating to the amount received by ELEF upon the conversion of the FT Subscriptions Receipts on behalf of the Company and other expenditures in regards to general, technical and administrative services provided by the Company to Silver Elephant Mining Corp.

The accounts payable and accrued liabilities of $47,000 as at March 31, 2022 represent $7,000 payable for director fees and $40,000 due to a private company controlled by John Lee, Executive Chairman of the Company.

b) Key management personnel compensation

During the three months ended March 31, 2022, the Company had related party transactions with key management personnel and a private company controlled by John Lee, Executive Chairman of the Company, in providing management and consulting services to the Company.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation is comprised of:

		Three months ended March 31, 2022
Consulting	$	30,000
Directors' fees		19,000
Share based payments		98,661
Salaries and wages		186,829
	$	334,490

(Expressed in Canadian Dollars) (Unaudited)

12. SUPPLEMENTAL CASH FLOW INFORMATION

		Three months ended March 31, 2022
Supplementary information		
Non-cash Financing and Investing Activities		
Conversion of subscription receipts	$	6,376,712
Cancellation of one founder share	$	1
Broker warrants reclassified from warrants issuable	$	189,040
Mineral property expenditures included in accounts payable	$	323,645
Share-based payments capitalized in mineral properties	$	10,724
Shares issued under the Arrangement	$	35,000,000

13. SUBSEQUENT EVENTS

On May 3, 2022, the Company has granted 300,000 stock options to an officer of the Company with an exercise price of $0.46 per common share. The options are subject to vesting provisions, with 12.5% vesting per quarter for the first two years following the grant date and expire on May 3, 2027.

As of April 30, 2022 and pursuant to the Stock Option Plan, 300,000 stock options, originally granted on March 4, 2022, were cancelled.