SOLAR ALLIANCE ENERGY INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

(UNAUDITED)

Solar Alliance Energy Inc.
Interim Condensed Consolidated Statements of Financial Position
(In Canadian Dollars)

(Unaudited) **As at**	**March 31, 2022**	**December 31, 2021**
ASSETS		
Current assets		
Cash	**$ 1,203,835**	$ 2,169,258
Restricted cash	**434,861**	-
Accounts receivable	**557,628**	595,982
Prepaid expenses and deposits	**25,920**	8,990
Work in process	**568,963**	700
Inventory	**68,952**	57,595
Total current assets	**2,860,159**	2,832,525
Non-current assets		
Deposits (note 3)	**32,924**	59,126
Equipment (note 5)	**86,619**	90,259
Development costs (note 6)	**106,241**	73,724
Total non-current assets	**225,784**	223,109
Total assets	**$ 3,085,943**	$ 3,055,634
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Trade and other payables (notes 7 and 18)	**$ 2,366,404**	$ 1,914,010
Customer deposits	**192,121**	46,424
Contingent consideration	**29,135**	29,135
Total current liabilities	**2,587,660**	1,989,569
Non-current liabilities		
Asset retirement obligations (note 11)	**101,762**	101,762
Government assistance (note 10)	**60,000**	60,000
Total non-current liabilities	**161,762**	161,762
Total liabilities	**2,749,422**	2,151,331
Shareholders' equity (deficiency)		
Share capital (note 12)	**48,581,031**	48,581,031
Reserves (notes 13 and 14)	**16,196,223**	16,081,231
Accumulated other comprehensive income	**841,301**	553,915
Deficit	**(65,282,034)**	(64,311,874)
Total shareholders' equity (deficiency)	**336,521**	904,303
Total liabilities and shareholders' equity (deficiency)	**$ 3,085,943**	$ 3,055,634

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

Solar Alliance Energy Inc.
Interim Condensed Consolidated Statements of Comprehensive Loss
(In Canadian Dollars, except per share and share information)

(Unaudited)	Three months ended March 31, 2022	2021
Revenues	**$ 663,269**	$ 582,223
Cost of sales	**(531,567)**	(569,299)
Gross profit	**131,702**	12,924
Expenses		
Depreciation (notes 4 and 5)	**7,588**	11,462
Insurance and filing fees	**5,737**	135
Marketing and advertising	**58,093**	19,838
Office, rent and utilities	**98,602**	36,451
Professional fees	**59,627**	149,386
Salaries and benefits (note 18)	**458,883**	332,708
Share-based payments (notes 15 and 18)	**114,992**	-
Travel and related	**21,497**	16,345
Total expenses	**824,969**	566,325
Operating loss	**(693,267)**	(553,401)
Other income		
Loss on derecognition of trade and other payables (note 7)	**(54,975)**	-
Gain on settlement of trade and other payables (note 17)	-	22,197
Other income (note 9)	**2,966**	187,286
Total other income (loss)	**(52,009)**	209,483
Loss before finance income (expense)	**(745,276)**	(343,918)
Net finance income (expense)		
Interest expense	**(620)**	(23,935)
Interest income	**134**	5,400
Foreign exchange	**(224,398)**	(106,526)
Net finance (expense)	**(224,884)**	(125,061)
Net loss	**(970,160)**	(468,979)
Other comprehensive income		
Change in accumulated foreign exchange translation adjustment	**287,386**	66,399
Comprehensive loss	**$ (682,774)**	$ (402,580)
Basic and diluted loss per common share	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding	**269,819,601**	259,388,188

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

Solar Alliance Energy Inc.
Interim Condensed Consolidated Statements of Cash Flows
(In Canadian Dollars)

(Unaudited)	**Three months ended March 31, 2022**	**2021**
Operating activities		
Net loss	**$ (970,160)**	$ (468,979)
Adjustments for non-cash items:		
Depreciation	**7,588**	11,462
Share-based payments	**114,992**	-
Gain (loss) on derecognition of trade and other payables	**54,975**	-
Gain on settlement of trade and other payables	-	(22,197)
Interest on lease liability	-	202
Unrealized foreign exchange	**248,724**	(102,192)
Net changes in working capital:		
Accounts receivable	**38,354**	(87,938)
Restricted cash	**(434,861)**	-
Prepaid expenses and deposits	**9,272**	(3,077)
Work in process and inventory	**(579,620)**	(23,192)
Trade and other payables	**437,419**	(593,392)
Customer deposits	**145,697**	(34,049)
Net cash used in operating activities	**(927,620)**	(1,323,352)
Investing activities		
Purchase of equipment (note 5)	**(5,286)**	(4,792)
Investment in development costs	**(32,517)**	-
Net cash used in investing activities	**(37,803)**	(4,792)
		-
Financing activities		
Proceeds from common share issue	-	5,752,530
Share issue costs	-	(581,495)
Proceeds from exercise of options	-	611,500
Proceeds from exercise of warrants	-	950,188
Lease liability payments	-	(8,250)
Loans repaid	-	(700,877)
Net cash provided by financing activities	-	6,023,596
Net change in cash	**(965,423)**	4,695,452
Cash, beginning of period	**2,169,258**	1,877
Cash, end of period	**$ 1,203,835**	$ 4,697,329

Supplemental cash flow information (note 16)

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

Solar Alliance Energy Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(In Canadian Dollars)

(Unaudited)	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
December 31, 2021	**274,984,848**	**$ 48,581,031**	**$ 16,081,231**	**$ 553,915**	**$(64,311,874)**	**$ 904,303**
Share-based payments	-	-	114,992	-	-	114,992
Comprehensive income (loss)	-	-	-	287,386	(970,160)	(682,774)
Balance, March 31, 2022	**274,984,848**	**$ 48,581,031**	**$ 16,196,223**	**$ 841,301**	**$(65,282,034)**	**$ 336,521**
December 31, 2020	**233,114,037**	**$ 43,759,202**	**$ 14,060,664**	**$ 293,120**	**$(63,863,010)**	**$ (5,750,024)**
Issuance of common shares	13,696,500	5,752,530	-	-	-	5,752,530
Share issuance costs	-	(581,495)	-	-	-	(581,495)
Warrants granted	-	(2,582,158)	2,582,158	-	-	-
Broker warrants granted	-	(180,751)	180,751	-	-	-
Exercise of options	10,960,714	1,103,382	(491,882)	-	-	611,500
Exercise of warrants	16,144,763	1,589,367	(639,179)	-	-	950,188
Comprehensive income (loss)	-	-	-	66,399	(468,979)	(402,580)
Balance, March 31, 2021	**273,916,014**	**$ 48,860,077**	**$ 15,692,512**	**$ 359,519**	**$(64,331,989)**	**$ 5 8 0 ,119**

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

1. Nature of Business and Going Concern

Solar Alliance Energy Inc. (the "**Company**") is incorporated under the laws of British Columbia and is an energy solutions provider focused on commercial, industrial, and residential solar installations in the United States of America ("**United States**"). The Company's common shares are listed for trading on the TSX Venture Exchange ("**TSX-V**") under the symbol "SOLR" and on the OTCQB Venture Market in the United States under the symbol "SAENF.

The Company's corporate office is located at 82 Richmond Street East, Toronto, ON, Canada, M5C 1P1.

1.1 Going Concern

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern, and therefore be required to liquidate its assets and settle its liabilities in other than the normal course of business and at amounts that may differ from those shown in these unaudited interim condensed consolidated financial statements.

As at March 31, 2022, the Company had an accumulated deficit of $65,282,034 (December 31, 2021 - $64,311,874). Comprehensive loss for the three months ended March 31, 2022 was $682,774 (2021 - $402,580). These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the financing necessary to fund its planned revenue growth and working capital requirements.

1.2 COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally. Global equity markets have experienced significant volatility. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

2. Significant Accounting Policies

2.1 Basis of Presentation and Measurement

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss ("**FVTPL**"). In addition, these unaudited interim condensed consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited interim condensed consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited interim condensed consolidated financial statements and the reported amount of income and expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2.4.

2.2 Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements required by International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board (**IASB**) and interpretations issued by International Financial Reporting Interpretations Committee. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 24, 2022.

2.3 Functional and Presentation Currency

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is the parent Company's functional currency. The functional currency of the Company's US subsidiaries is the US dollar.

2.4 Use of Accounting Assumptions, Estimates and Judgments

The preparation of these unaudited interim condensed consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, including the assessment of the Company's ability to continue as a going concern as discussed above in note 1. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.4.1 Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next fiscal period and are, but are not limited to, the following:

(a) Share-Based Payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data, and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

(b) Right-of-Use Asset and Lease Liability

The right-of-use asset and lease liability are measured by discounting the future lease payments at the incremental borrowing rate. The incremental borrowing rate is an estimated rate the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

(c) Warrants

The fair value of warrants granted are subject to the limitation of the Black-Scholes option pricing model which incorporates market data, and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

2.4.2 Critical Accounting Judgments

(a) Going Concern

The assessment of whether the going concern assumption is appropriate requires management to consider all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(b) Determination of Functional Currency

The functional currency of the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent Company is the Canadian dollar. The functional currency of the Company's US subsidiaries is the US dollar.

(c) Allowances and Provisions for Expected Credit Losses

An expected credit loss provision includes possible default events of the accounts receivable over their holding period, including the consideration of the occurrence of a significant increase in credit risk. Significant financial difficulties of a customer, such as probability of bankruptcy, financial reorganization, and default or delinquency in payments are considered indicators that recovery of the accounts receivable is doubtful. The default rate is subject to significant estimate and judgment.

Trade receivables are reviewed for impairment on a case-by-case basis to identify any deterioration of credit risk since initial recognition, at which time a provision is recognized in the unaudited interim condensed consolidated statements of comprehensive loss within bad debt expenses. If the credit risk has increased significantly and if the receivable is impaired, the allowances are based on lifetime expected losses. Subsequent recoveries of amounts previously provided for are credited against bad debt expenses in the unaudited interim condensed consolidated statements of comprehensive loss.

(d) Percentage of Completion Calculation

The Company measures the stage of completion for Engineering, Procurement and Construction ("**EPC**") projects based on the milestone payments earned to date compared to the total estimated milestone payments for the project. The estimation of milestones earned requires judgment and changes to these estimates may affect revenue, unbilled revenue, and deferred revenue.

(e) Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

(In Canadian Dollars, unless otherwise specified)

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(f) Decommissioning L iabilities

The Company makes several estimates when calculating the fair value of asset decommissioning obligations which represent the present value of future decommissioning costs for facilities. Estimates of these costs are dependent on labour and material costs, inflation rates, salvage values, discount rates, the risk specific to the obligation, and the timing of the outlays.

(g) Determination of CGUs

A cash generating unit ("**CGU**") is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations.

(h) Contingencies

Due to the nature of the Company's operations, various legal, tax, environmental, regulatory, and business acquisition consideration matters are outstanding from time to time. If management's estimates of the future resolution of these matters change, the Company will recognize the effects of the changes in its unaudited interim condensed consolidated financial statements on the date such changes occur.

(i) Business Combination and Asset Acquisition

Judgment is required to determine if the Company's acquisitions represent a business combination or an asset purchase. The assessment requires management to determine if the acquisitions acquired represented an integrated set of activities with inputs, processes and outputs. The acquisition of the solar development projects was determined to be an asset acquisition.

3. Deposits

As at	March 31, 2022	December 31, 2021
BC License of Occupation security deposits (i)	**$ 18,000**	$ 18,000
Other prepaid deposit	**14,924**	41,126
Total	**$ 32,924**	$ 59,126

(i) The Company has $18,000 (December 31, 2021 - $18,000) on deposit with the BC Ministry of Forests, Lands, and Natural Resource Operations in respect of its remaining licenses of occupation. The funds are held in a non-interest-bearing trust by the Provincial Treasury.

4. Right-of-Use Assets

	Office Space
Balance, December 31, 2020	**$ 8,869**
Depreciation	(8,869)
Balance, March 31, 2021	**$ -**

Office spaces are depreciated over 36 months. The initial 36-month term has expired, but the extension has not yet been exercised and the lease is currently month-by-month.

(In Canadian Dollars, unless otherwise specified)

5. Equipment

As at	March 31, 2022	December 31, 2021
Vehicles	**$ 59,843**	$ 65,685
Equipment	**26,774**	24,394
Total equipment, net	**$ 86,617**	**$ 90,259**

6. Development Projects

On November 15, 2021, the Company acquired a 298-kW solar development project in New York from Abundant Solar Power Inc. ("**Abundant**"), an arm's length party, for $73,724 (US $58,151), for solar development services including, but not limited to, site evaluation and feasibility studies, site approval and preparation costs, research and compliance with all US Regulatory rules, preliminary engineering, local zoning and permitting requirements, and providing engineering, procurement and construction services. The project assets are owned by Abundant Solar Power (VC1) LLC ("**VC1**"). The Company acquired 100% of the issued and outstanding membership interests of VC1 from Abundant, under a Membership Interest Purchase and Sale Agreement.

On January 31, 2022, the Company acquired a 389-kW solar development project in New York from Abundant for future obligations, for solar development services including, but not limited to, site evaluation and feasibility studies, site approval and preparation costs, research and compliance with all US Regulatory rules, preliminary engineering, local zoning and permitting requirements, and providing engineering, procurement and construction services. The project assets are owned by Abundant Solar Power (US1) LLC ("**US1**"). The Company acquired 100% of the issued and outstanding membership interests of US1 from Abundant, under a Membership Interest Purchase and Sale Agreement.

Under IFRS 3, "Business Combinations", VC1 and US1 do not meet the definition of a business as the gross assets are concentrated within a single class of assets, being the solar development projects. As such, they are accounted for as asset acquisitions under IFRS 3.

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

As at	March 31, 2022	December 31, 2021
Net assets acquired		
Development costs	**$ 58,592**	$ 26,435
Inter-connection deposits	**47,289**	47,289
Paid by		
Cash	**$ 106,241**	$ 73,724

Development projects are depreciated over the useful lives of the resulting assets.

7. Trade and Other Payables

As at	March 31, 2022	December 31, 2021
Trade and other payables in Canada	**$ 1,042,894**	$ 1,252,118
Trade and other payables in the United States	**1,323,510**	661,892
Trade and other payables to related parties (note 18)	**-**	-
Total trade and other payables	**$ 2,366,404**	$ 1,914,010

During the three months ended March 31, 2022, the Company continued its detailed review of the disputed trade and other payables of $(54,975) (March 31, 2021 – $NIL) previously included as outstanding in trade and other payables expired by process of law and are no longer legally payable. The accounts have been derecognized from accounts payable.

(In Canadian Dollars, unless otherwise specified)

8. Lease Liabilities

		Office Space
Balance, December 31, 2020	**$**	**10,247**
Interest expense		202
Lease payments		(10,449)
Balance, March 31, 2021 and March 31, 2022	**$**	**-**

On March 16, 2018, the Company entered into a 36-month lease agreement for office space in Knoxville, Tennessee, commencing on January 1, 2019. Under the lease, the Company is required to pay a monthly base rent of US $2,750. In addition to the base rent, the Company must pay its proportionate share of operating costs for the leased premises. The lease agreement includes an extension option for an additional 36 months. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date (including the extension option of 36 months). The lease payments are discounted using an interest rate of 13.95%, which is the Company's incremental borrowing rate in Canada. Effective interest rate is 14.88%. The initial 36-month term has expired, but the extension has not yet been exercised and the lease is currently month-by-month.

9. Loans and Borrowings

(a) Loan

In October 2007, the Company assumed a loan from a third party to a former subsidiary that the Company previously guaranteed in the amount of US $65,000. Interest began accruing in October 2010 at a rate of 8.5% per annum. The loan was unsecured and due on demand. During the three months ended March 31, 2022, the Company accrued interest of $NIL (three months ended March 31, 2021 - $3,677) and recorded a foreign exchange loss on the loan of $NIL (three months ended March 31, 2021 - $1,271). During the year ended December 31, 2021, this balance was written off as it related to a subsidiary that had been sold and the buyer had assumed the liability.

(b) Shareholder loan

During the three months ended March 31, 2022, a company controlled by a shareholder advanced the Company $NIL (three months ended March 31, 2022 - $25,000) pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the three months ended March 31, 2022, the Company recorded interest expense of $NIL (three months ended March 31, 2021 - $NIL) on the promissory notes. In March 2021, the balance was repaid in full for final settlement of the loan and all accrued interest.

During 2020, a company controlled by a shareholder advanced the Company $14,986 pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the three months ended March 31, 2022, the Company recorded interest expense of $NIL (three months ended March 31, 2021 - $NIL) on the promissory notes. In March 2021, the balance was repaid in full for final settlement of the loan and all accrued interest.

(c) Officer and director loans

During the year ended December 31, 2019, the Chief Executive Officer of the Company advanced the Company $3,000 pursuant to a promissory note bearing interest at 15% per annum and due August 15, 2020. During the three months ended March 31, 2022, the Company recorded interest expense of $NIL (three months ended March 31, 2021 - $247) on the promissory note. As of March 31, 2021, the balance was repaid in full for final settlement of the loan and all accrued interest.

During the year ended December 31, 2020, a director of the Company advanced the Company $13,213 pursuant to a promissory note bearing interest at 15% per annum and due in October 2020. During the three months ended March 31, 2022, the Company recorded interest expense of $NIL (three months ended March 31, 2021 - $247) on the promissory note. As of December 31, 2021, the balance was repaid in full of final settlement of the loan and all accrued interest.

10. Government Assistance

During the year ended December 31, 2020, the Company applied for and received loan proceeds in the amount of $190,354 (US $149,508) ("**PPP Funds**") pursuant to the Paycheck Protection Program ("**PPP**"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act to enable small businesses to pay employees during the economic slowdown caused by COVID-19 by providing forgivable loans to qualifying businesses for up to 2.5 times their average monthly payroll costs. The amount borrowed by the Company under the PPP is eligible to be forgiven provided that (a) the Company uses the PPP Funds during the 24-week period after receipt thereof, and (b) the PPP Funds are only used to cover payroll costs (including benefits), rent, mortgage interest, and utility costs. The amount of loan forgiveness will be reduced if, among other reasons, the Company does not maintain staffing or payroll levels. Principal and interest payments on any unforgiven portion of the PPP Funds (the "**PPP Loan**") will be deferred for six months and will accrue interest at a fixed annual rate of 1%. Additionally, the PPP Loan balance will carry a two-year maturity date. There is no prepayment penalty on the PPP Loan. During the three months ended March 31, 2021, this balance was forgiven and included in other income.

In prior periods, the Company received loans totaling $60,000, in connection with COVID-19 Government-sponsored Canada Emergency Business Account ("**CEBA**") program. The CEBA loan is non-interest bearing and matures on December 31, 2022. $20,000 of the total received of $60,000 is forgivable if the full loan is repaid before the maturity date, otherwise the full amount will revert to an interest-bearing loan with interest at 5% per annum. On January 12, 2022, the Canadian Government announced the CEBA loan forgiveness repayment date will be extended to December 31, 2023 for eligible CEBA loan holders in good standing.

11. Asset Retirement Obligations

The Company has recorded asset retirement obligations of $101,762 (2021 - $101,762) associated with the future decommissioning of weather monitoring equipment situated on the Wildmare Wind Energy Project site, expected to be incurred during 2022.

12. Share Capital

12.1 Authorized Share Capital

The authorized share capital consists of an unlimited number of common shares without par value and 100 redeemable preferred shares.

12.2 Common Shares Issued

At March 31, 2022, the Company had 274,984,848 common shares issued and outstanding (December 31, 2021 - 274,984,848) and no preferred shares issued and outstanding. A summary of changes in share capital and reserves is contained on the unaudited interim condensed consolidated statements of changes in shareholders' equity (deficiency) for the three months ended March 31, 2022 and 2021.

During the three months ended March 31, 2022, the Company issued NIL common shares of the Company on the exercise of stock options and stock warrants for proceeds of $NIL.

During the three months ended March 31, 2021, the Company issued the following shares:

(In Canadian Dollars, unless otherwise specified)

(i) In February 2021, the Company completed a private placement through the issuance of 13,696,500 units at a price of $0.42 per unit for gross proceeds of $5,752,530. Each unit consists of one common share and one share purchase warrant with each warrant exercisable into one common share of the Company at a price of $0.60 per share for a period of 24 months from the closing date. The securities issued pursuant to the offering have a hold period of four months from the date of closing. The Company determined the fair value of the warrants to be $2,582,158. The warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 0.22%; an expected volatility of 191.87%; an expected life of two years; a forfeiture rate of zero; and an expected dividend of zero. The Company paid share issue costs of $657,440 in cash and issued 958,755 broker warrants (with the same terms as the warrants) with a fair value of $180,751. The broker warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 0.22%; an expected volatility of 191.87%; an expected life of two years; a forfeiture rate of zero; and an expected dividend of zero.

(ii) During the three months ended March 31, 2021, the Company issued 10,960,714 common shares of the Company on the exercise of stock options for proceeds of $591,500.

(iii) During the three months ended March 31, 2021, the Company issued 16,144,763 common shares of the Company on the exercise of stock warrants for proceeds of $950,188.

13. Warrants

The following table reflects the warrants granted, exercised, and outstanding as of March 31, 2022:

Expiry Date	Exercise Price	Balance December 31, 2021	Granted	Exercised	Balance March 31, 2022
February 19, 2023	$ 0.60	14,655,255	-	-	14,655,255
Weighted average exercise price		$ 0.60			$ 0.60

The following table reflects the warrants granted, exercised, and outstanding as of March 31, 2021:

Expiry Date	Exercise Price	Balance December 31, 2020	Granted	Exercised	Balance March 31, 2021
December 13, 2021	$ 0.10	2,858,999	-	(2,858,999)	-
February 28, 2022	$ 0.05	2,533,333	-	(2,533,333)	-
March 14, 2022	$ 0.05	700,000	-	(700,000)	-
April 8, 2022	$ 0.05	11,121,265	-	(10,052,431)	1,086,834
February 19, 2023	$ 0.60	-	14,655,255	-	14,655,255
		17,213,597	14,655,255	(16,144,763)	15,724,089
Weighted average exercise price		$ 0.06	$ 0.60	$ (0.05)	$ 0.60

14. Stock options

The Company has a common share Stock Option Plan (equity-settled). The Board of Directors of the Company may from time to time, at its discretion, and in accordance with the requirements of the TSX-V, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, exercisable for a period of up to five years from the date of grant. There are no vesting requirements pursuant to the stock option plan. The Board may add such provisions at its discretion on a grant-by-grant basis. However, stock options granted in respect of investor relations activities must vest quarterly over a minimum one-year period, pursuant to TSX-V policy. The Board of Directors have resolved that the Stock Option Plan authorize the directors to grant stock options up to a maximum of 10% of the number of common shares issued and outstanding at the time of grant. The “rolling” stock option plan has been in effect since the Company was listed on the TSX-V.

(In Canadian Dollars, unless otherwise specified)

Details of the stock options outstanding as at March 31, 2022 are as follows:

Expiry Date	Exercise Price	Balance December 31, 2021	Granted	Exercised	Expired/ Cancelled	Balance March 31, 2022
December 22, 2022	$ 0.08	1,000,000	-	-	-	1,000,000
January 26, 2023	$ 0.08	300,000	-	-	-	300,000
May 4, 2023	$ 0.08	500,000	-	-	-	500,000
May 6, 2024	$ 0.06	4,189,286	-	-	-	4,189,286
July 16, 2024	$ 0.06	2,000,000	-	-	-	2,000,000
March 31, 2025	$ 0.05	1,800,000	-	-	-	1,800,000
July 23, 2025	$ 0.05	1,600,000	-	-	-	1,600,000
October 27, 2025	$ 0.05	400,000	-	-	-	400,000
December 9, 2025	$ 0.06	100,000	-	-	-	100,000
September 13, 2026	$ 0.22	1,050,000	-	-	-	1,050,000
November 23, 2026	$ 0.18	1,000,000	-	-	-	1,000,000
		13,939,286	-	-	-	13,939,286
Weighted average exercise price		$ 0.08	$ -	$ -	$ -	$ 0.08

Details of the stock options outstanding as at March 31, 2021 are as follows:

Expiry Date	Exercise Price	Balance December 31, 2020	Granted	Exercised	Expired/ Cancelled	Balance March 31, 2021
December 22, 2022	$ 0.08	1,500,000	-	(500,000)	-	1,000,000
January 26, 2023	$ 0.08	300,000	-	-	-	300,000
May 4, 2023	$ 0.08	500,000	-	-	-	500,000
May 6, 2024	$ 0.06	11,750,000	-	(7,560,714)	-	4,189,286
July 16, 2024	$ 0.06	2,000,000	-	-	-	2,000,000
March 31, 2025	$ 0.05	2,900,000	-	(1,100,000)	-	1,800,000
July 23, 2025	$ 0.05	2,000,000	-	(400,000)	-	1,600,000
October 27, 2025	$ 0.05	1,800,000	-	(1,400,000)	-	400,000
December 9, 2025	$ 0.06	100,000	-	-	-	100,000
		22,850,000	-	(10,960,714)	-	11,889,286
Weighted average exercise price		$ 0.06	-	$ 0.06	-	$ 0.06

As of March 31, 2022, the weighted average remaining contractual life of the Company's stock options is 2.88 years (March 31, 2021 - 3.31 years).

15. Share-Based Payments

During the three months ended March 31, 2022, the Company granted NIL stock options to directors, officers, and employees of the Company (March 31, 2021 – NIL) and recorded $114,992 (March 31, 2021 - $NIL) of share-based payments for options that vested during the period.

16. Supplemental Cash Flow Information

For the three months ended March 31,	2022	2021
Non-cash investing and financing activities		
Shares issued for trade and other payables	**$ -**	$ (581,495)
Non-cash investing and financing activities	**$ -**	$ (581,495)

(In Canadian Dollars, unless otherwise specified)

17. Settlement Income

During the three months ended March 31, 2021, the Company and a third party negotiated a settlement agreement related to a legal claim against the Company, pursuant to which the third party agreed to make a payment of $22,197 (US $17,500) made on a set timeline.

18. Related Party Transactions and Balances

In addition to related party transactions and balances disclosed elsewhere in these unaudited interim condensed consolidated financial statements, the following transactions and balances occurred during the three months ended March 31, 2022 with related parties:

(i) As at March 31, 2022, an amount of $NIL (2021 - $315,000) was due from a company controlled by an officer of the Company. This balance was repaid in full, April 2021.
(ii) Included in trade and other payables as at March 31, 2022 is $NIL (2021 - $464,400) due to a former officer of the Company. This balance was repaid in full, April 2021.
(iii) Included in trade and other payables as at March 31, 2022 is $254,301 (2021 - $254,301), non-interest bearing, due to current and former officers and directors and a significant shareholder of the Company for consulting fees, salaries and benefits and expense reimbursements. These amounts are non-interest bearing with no fixed terms of repayment.

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the three months ended March 31, 2022 and 2021 were as follows:

Three months ended March 31,		**2022**		**2021**
Salaries and benefits	**$**	**129,333**	$	59,166
Share-based payments		**114,992**		-
Total	**$**	**244,325**	$	59,166

19. Segmented Information

The Company identified the operating segments as outlined in the table below based on the nature of operations and asset class. Geographical segment information is provided by country of operation.

Operating segment		**United States**		**Canada**		**Total**
As at March 31, 2022						
Total assets	$	1,204,088	$	1,656,0071	$	2,860,159
Non-current assets		101,543		124,241		225,784
For the three months ended March 31, 2022						
Total revenue		663,269		-		663,269
Net income (loss)		(695,245)		(274,915)		(970,160)
Operating segment		**United States**		**Canada**		**Total**
As at December 31, 2021						
Total assets	$	1,005,297	$	2,050,337	$	3,055,634
Non-current assets		120,896		102,213		223,109
For the three months ended March 31, 2021						
Total revenue		582,223		-		582,223
Net income (loss)		191,194		(660,173)		(468,979)