



Condensed Interim Financial Statements of

**WALLBRIDGE MINING
COMPANY LIMITED**

Three months ended March 31, 2022

(Unaudited)

WALLBRIDGE MINING COMPANY LIMITED

Condensed Interim Statements of Financial Position

(expressed in Canadian Dollars)

(Unaudited)

	Note	March 31, 2022	December 31, 2021
Assets			
Current assets:			
Cash and cash equivalents		\$ 47,278,239	\$ 38,939,849
Marketable securities	4	150,000	115,317
Amounts receivable	5	32,002,651	32,630,021
Deposits and prepaid expenses		447,021	433,140
		79,877,911	72,118,327
Restricted cash	8	3,259,845	3,259,845
Amounts Receivable	5	3,830,000	-
Investment in associates	9(a)	1,223,561	1,223,036
Exploration and evaluation assets	6	276,420,163	264,310,279
Property and equipment		8,855,505	9,179,141
		\$ 373,466,985	\$ 350,090,628
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 10,610,861	\$ 13,325,403
Flow-through premium liability	7	6,990,998	-
Current portion of provision for closure plan	8	878,131	575,843
Current portion of lease liability		65,315	97,152
		18,545,305	13,998,398
Lease liability		700	1,415
Provision for closure plan	8	2,273,672	2,618,276
Deferred tax liability		14,474,000	13,358,000
		35,293,677	29,976,089
Equity			
Share capital	10	410,722,717	391,532,268
Warrants		129,500	129,500
Contributed surplus		11,077,864	10,782,257
Deficit		(83,685,755)	(82,258,468)
Accumulated Other Comprehensive Loss		(71,018)	(71,018)
Total Equity		338,173,308	320,114,539
Commitments and contingencies	11		
Subsequent events	5, 6(g), 10(b)		
		\$ 373,466,985	\$ 350,090,628

See accompanying notes to condensed interim financial statements.

WALLBRIDGE MINING COMPANY LIMITED

Condensed Interim Statements of Net Loss and Comprehensive Loss
(expressed in Canadian Dollars)

(Unaudited)

	Note	Three months ended March 31,	
		2022	2021
Other expenses and (income):			
General and administrative expenses		\$ 1,286,563	\$ 1,282,891
Unrealized loss on marketable securities		11,250	375,518
Realized loss on marketable securities		1,366	-
Stock based compensation	10 (b)	156,740	114,512
Depreciation of property and equipment		40,633	39,895
Costs incurred on termination of contract		13,409	-
Interest income		(64,467)	(77,821)
Other income relating to flow-through share premium		(1,630,700)	-
Interest on lease liability		1,018	2,732
Share of comprehensive (income) loss in investment in associate		(525)	156
Loss (earnings) before income taxes		(184,713)	1,737,883
Deferred tax expense		1,612,000	733,000
Net loss and comprehensive loss for the period		\$ 1,427,287	\$ 2,470,883
Weighted average number of common shares - basic and diluted		843,823,231	788,635,216
Net loss per share - basic and diluted		\$ 0.00	\$ 0.00

WALLBRIDGE MINING COMPANY LIMITED

Statements of Changes in Equity
(expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2020	788,635,216	\$ 373,479,125	2,764,441	11,636,743	(74,364,952)	(71,018)	\$ 313,444,339
Exercise of warrants	377,689	249,520	(89,935)	-	-	-	159,585
Exercise of stock options	200,000	23,857	-	(8,857)	-	-	15,000
Share based compensation	-	-	-	132,679	-	-	132,679
Deferred share units granted	-	-	-	60,625	-	-	60,625
Net loss	-	-	-	-	(2,470,883)	-	(2,470,883)
Balance, March 31, 2021	789,212,905	\$ 373,752,502	2,674,506	11,821,190	(76,835,835)	(71,018)	\$ 311,341,345
Balance, December 31, 2021	818,115,891	\$ 391,532,268	129,500	10,782,257	(82,258,468)	(71,018)	\$ 320,114,539
Charity Flow-through shares issued on public offering, net of share issuance costs	27,300,000	14,078,240	-	-	-	-	14,078,240
Flow-through shares issued on private placement, net of share issuance costs	36,968,351	13,733,907	-	-	-	-	13,733,907
Flow-through premium liability	-	(8,621,698)	-	-	-	-	(8,621,698)
Share based compensation	-	-	-	209,889	-	-	209,889
Deferred share units granted	-	-	-	85,718	-	-	85,718
Net loss	-	-	-	-	(1,427,287)	-	(1,427,287)
Balance, March 31, 2022	882,384,242	\$ 410,722,717	129,500	11,077,864	(83,685,755)	(71,018)	\$ 338,173,308

See accompanying notes to condensed interim financial statements.

WALLBRIDGE MINING COMPANY LIMITED

Condensed Interim Statements of Cash Flows
(expressed in Canadian Dollars)

(Unaudited)

	Three months ended March 31,	
	2022	2021
Cash flows from (used in) operating activities:		
Net loss for the period	\$ (1,427,287)	\$ (2,470,883)
Adjustments for:		
Deferred tax expense	1,612,000	733,000
Depreciation of property and equipment	40,633	39,895
Unrealized loss on marketable securities	11,250	375,518
Other income relating to flow-through share premium	(1,630,700)	-
Share based compensation	156,740	114,512
Share of comprehensive (income) loss in investment in associate	(525)	156
Interest on lease liability	1,018	2,732
Loss on sale of marketable securities	1,366	-
Closure plan disbursements	(42,316)	(60,609)
Changes in non-cash working capital:		
Amounts receivable	(70,220)	(133,694)
Deposits and prepaid expenses	(13,881)	(206,906)
Accounts payable and accrued liabilities	(918,267)	722,984
	(2,280,189)	(883,295)
Cash flows from (used in) financing activities:		
Exercise of stock options	-	15,000
Exercise of warrants	-	159,585
Share proceeds	29,187,570	-
Share issuance costs	(1,871,423)	-
Lease payments	(33,570)	(36,188)
	27,282,577	138,397
Cash flows from (used in) investing activities:		
Exploration and evaluation assets expenditures	(17,161,787)	(11,388,054)
Acquisition of equipment	(184,138)	(2,079,093)
Exploration and evaluation assets cost recoveries	26,306	38,714
Tax credits received	624,170	-
Proceeds from sale of marketable securities	31,451	-
	(16,663,998)	(13,428,433)
Net increase (decrease) in cash and cash equivalents	8,338,390	(14,173,331)
Cash and cash equivalents, beginning of the period	38,939,849	85,049,725
Cash and cash equivalents, end of the period	\$ 47,278,239	\$ 70,876,394

See accompanying notes to condensed interim financial statements.

Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended March 31, 2022
(Unaudited)

1. Nature of operations:

Wallbridge Mining Company Limited (“**Wallbridge**” or the “**Company**”) is incorporated under the laws of Ontario and is engaged in the acquisition, exploration, discovery, development and production of metals focusing on gold, copper, nickel and platinum group metals (“**PGM**”). The Company’s head office is located at 129 Fielding Road in Lively, Ontario, Canada.

The Company’s primary focus is advancement of the exploration and development of its wholly owned Fenelon Gold property (“**Fenelon**”) located in northwestern Québec. Wallbridge also has interests in several copper, nickel, and PGM properties, including a 100% interest in the Grasset property in Québec, and a 17.8% interest in Lonmin Canada Inc. (“**Loncan**”), which owns 100% of the Denison nickel, copper and PGM project southwest of Sudbury, Ontario.

While the Company has no sources of revenue, management believes it has sufficient cash resources to meet its obligations and fund planned expenditures and administrative costs for at least the next twelve months. The Company will have to raise funds in the future to finance the advancement of exploration and development of Fenelon and meet future expenditures and administrative costs. Although the Company has been successful in raising funds to date, as evidenced by proceeds raised from equity financing in 2021 and 2022 (note 10), there can be no assurance that adequate financing will be available in the future or available under terms acceptable to the Company.

2. Basis of presentation:

(a) *Statement of compliance:*

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. These statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2021. The accounting policies used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2021, with the exception of the following policy:

Property and equipment

Effective January 1, 2022, the Company has adopted the IAS 16 amendment to Property, Plant and Equipment. Under the amendments, proceeds from selling items before the related item of property and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs. The Company has updated its policy to recognize proceeds from selling items before the related item of property and equipment is available for use in profit or loss, together with the costs of producing those items. The Company does not have proceeds from selling items before the related property and equipment is available for use in the current period. There is no impact to the financial statements as a result of this amendment in the current period.

Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended March 31, 2022
(Unaudited)

2. Basis of presentation (continued):

(b) *Judgments and estimates:*

Preparing the condensed interim financial statements requires Management to make certain judgments and estimates 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.

In preparing these unaudited condensed interim financial statements, significant judgments and estimates made by Management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended December 31, 2021.

(c) *Functional and presentation currency:*

These unaudited condensed interim financial statements are presented in Canadian dollars which is the Company's functional currency.

3. Recent accounting pronouncements:

(a) *IAS 1, Presentation of Financial Statements*

The IASB issued an amendment to IAS 1, Presentation of Financial Statements, to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes:

- Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- Clarifying how lending conditions affect classification; and
- Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company anticipates no impact to the financial statements as a result of this amendment. The amendment is effective for annual periods beginning on or after January 1, 2023.

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3. Recent accounting pronouncements (continued):

(b) *IAS 12, Income Taxes*

In September 2021, IAS 12 was amended to narrow the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as deferred taxes on leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after January 1, 2023 and applied retrospectively. The Company will perform an assessment of the amendment on its financial statements prior to the effective date of January 1, 2023.

4. Fair value of financial instruments:

Financial assets and liabilities are grouped into three levels based on significant inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Carrying values for cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximates their fair value due to their short term maturities.

At March 31, 2022, the Company holds investments in Goldseek Resources Inc. which are classified as marketable securities and carried at fair value through profit and loss (“FVTPL”) and classified as level 1 at \$150,000 (December 31, 2021 - \$115,317).

The Company’s lease liabilities are classified as level 2. The fair values of lease liabilities are calculated using discounted cash flows based on the cost of borrowing.

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Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended March 31, 2022
(Unaudited)

5. Amounts receivable:

	March 31, 2022	December 31, 2021
Harmonized Sales Tax and Quebec Sales Tax	\$ 1,938,590	\$ 1,721,809
Quebec tax credits	33,689,048	30,566,507
Other receivables	205,013	341,705
	35,832,651	\$ 32,630,021
Current portion of amounts receivable	(32,002,651)	(32,630,021)
	\$ 3,830,000	\$ -

The Company is entitled to refundable tax credits and tax credits on qualified exploration expenditures incurred in Quebec. Of the \$33,689,048 Quebec tax credits at March 31, 2022 on qualified exploration expenditures incurred in Quebec, \$3,830,000 relates to 2022 expenditures, \$20,029,800 relates to 2021 expenditures, and \$9,829,248 relates to 2020 expenditures. Of the \$30,566,507 Quebec tax credits at December 31, 2021, \$20,113,000 relates to 2021 expenditures, \$9,829,337 relates to 2020 expenditures, and \$624,170 relates to 2019 expenditures.

Tax credits of \$7,679,743 and \$560,044 relating to 2020 expenditures were received in April and May 2022 respectively. The remaining tax credits relating to 2020 and 2021 expenditures are anticipated to be received within the next twelve months.

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6. Exploration and evaluation assets:

Total exploration and evaluation expenditures are detailed as follows:

	Balance December 31, 2021	Expenditures	Disposition/ Recovery	Balance, March 31, 2022
Fenelon (a)	\$ 152,617,394	12,779,302	(3,034,580)	162,362,116
Martinière (b)	30,431,707	2,070,626	(439,000)	32,063,333
Grasset (c)	28,624,217	811,889	(283,000)	29,153,106
Detour East (d)	14,083,479	57	-	14,083,536
Hwy 810	4,428,526	-	-	4,428,526
Other Quebec Properties (e)	17,544,206	272,380	-	17,816,586
Beschefer (f)	923,623	553	(78,750)	845,426
Sudbury Properties subject to Loncan exploration joint venture agreements (g)	12,342,259	35,527	(26,306)	12,351,480
Other Sudbury Properties	3,314,868	1,186	-	3,316,054
	<u>\$264,310,279</u>	<u>15,971,520</u>	<u>(3,861,636)</u>	<u>276,420,163</u>

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Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended March 31, 2022
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6. Exploration and evaluation assets (continued):

	Balance December 31, 2020	Expenditures	Impairment	Disposition/ Recovery	Balance, December 31, 2021
Fenelon (a)	\$ 106,476,588	66,341,343	-	(20,200,537)	\$152,617,394
Martinière (b)	28,022,654	2,409,053	-	-	30,431,707
Grasset (c)	27,722,680	901,537	-	-	28,624,217
Detour East (d)	14,082,918	561	-	-	14,083,479
Hwy 810	4,412,159	16,367	-	-	4,428,526
Other Quebec Properties (e)	16,675,477	1,494,729	-	(626,000)	17,544,206
Beschefer (f)	1,105,000	6,123	-	(187,500)	923,623
Sudbury Properties subject to Loncan exploration joint venture agreements	12,056,396	468,754	-	(182,891)	12,342,259
Other Sudbury Properties	3,300,871	13,997	-	-	3,314,868
Other Ontario Properties	628,785	90,491	(719,276)	-	-
	<u>\$ 214,483,528</u>	<u>71,742,955</u>	<u>(719,276)</u>	<u>(21,196,928)</u>	<u>\$264,310,279</u>

(a) Fenelon, Québec:

Fenelon is located in the Nord-du-Québec administrative region, approximately 75 km west-northwest of the town of Matagami, in the province of Québec, Canada. Wallbridge owns a 100% undivided interest in Fenelon which is subject to three separate royalties equaling to 4% net smelter return royalty (“NSR”) on any future production on 19 claims and one lease and subject to 0% to 1% NSR on any future production on the remaining claims. Buyout provisions exist for a portion of these royalties.

Included in the first quarter of 2022 expenditures of \$12,779,302 are \$12,292,954 of exploration costs, depreciation of capital assets of \$433,199, and stock option expense of \$53,149. Recovery of \$3,034,580 is from Quebec refundable tax credits relating to 2022 expenditures and 2021 adjustments in the three months ended March 31, 2022.

Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended March 31, 2022
(Unaudited)

6. Exploration and evaluation assets (continued):

(a) Fenelon, Québec (continued):

Included in the 2021 expenditures of \$66,341,343 are \$64,678,830 of exploration costs, depreciation of capital assets of \$1,488,621, and stock option expense of \$173,894. Recovery of \$20,200,537 is \$19,487,000 from Québec refundable tax credits relating to 2021 expenditures and \$713,537 is from Québec refundable tax credits and tax adjustments resulting from tax audits for prior years.

(b) Martinière, Québec:

The Martinière project is located approximately 30 km west of Fenelon and is part of the Detour-Fenelon Gold Trend land. The Company owns 100% interest in the Martinière property.

Recovery of \$439,000 is from Quebec refundable tax credits relating to 2022 expenditures in the three months ended March 31, 2022.

There is a 2% NSR royalty on the majority of the Martinière property and payable on commencement of commercial production.

(c) Grasset, Québec:

The Company owns 100% interest in the Grasset Property. The Grasset property is located immediately east of and adjoins the Fenelon Property. There are no underlying royalties on the Grasset Property.

Recovery of \$283,000 is from Quebec refundable tax credits relating to 2022 expenditures in the three months ended March 31, 2022.

Notes to Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three months ended March 31, 2022
(Unaudited)

6. Exploration and evaluation assets (continued):

(d) *Detour East, Québec (continued):*

The Company owns a 100% interest in the Detour East Property, except for 18 claims, which are in a 63% / 37% participatory joint venture with Encana Corp. and for which the Company is the operator. There is a NSR royalty of 2%, which relates to the entirety of the property, payable to a former property owner, which may be repurchased at any time for \$1,000,000 for the first 50% of the NSR interest and \$2,000,000 for the remainder.

On November 23, 2020, the Company entered into an option agreement (“**the Detour Option Agreement**”) with a wholly owned subsidiary of Kirkland. Under the terms of the Detour Option Agreement, the Company granted Kirkland the option to acquire up to an undivided 50% interest in Detour East by funding expenditures of \$7,500,000 over five years, with a minimum commitment of \$2,000,000 in the first two years (\$500,000 by the first anniversary and \$1,500,000 by the second anniversary of entering into the agreement). As at March 31, 2022, Kirkland has satisfied the first anniversary minimum commitment of \$500,000 and excess expenditures will be carried forward to the second anniversary minimum commitment under the option agreement.

(e) *Other Québec Properties:*

On March 16, 2021, the Company and Midland Exploration Inc. amended the agreement on the Casault property to change the initial spending requirement of \$750,000 by June 30, 2021 to \$1,250,000 by December 31, 2021, and \$500,000 to be spent by June 30, 2022 such that costs of \$1,750,000 are to be incurred by June 30, 2022.

As at March 31, 2022, the Company has incurred \$1,574,329 of expenditures, which includes a 10% administration fee, towards the June 30, 2022 commitment of \$1,750,000.

The remaining expenditures and cash payments to earn the initial undivided interest under the Casault Agreement are as follows:

	Expenditures	Cash payments
On or before June 30, 2022	\$ 175,671	\$110,000
On or before June 30, 2023	1,250,000	130,000
On or before June 30, 2024	2,000,000	150,000
	<u>\$ 3,425,671</u>	<u>\$390,000</u>

The Casault property is subject to an NSR of 1% which the mining claims holder has the right to buy half of the royalty for \$1,000,000 or 100% of the royalty for \$2,000,000.

Notes to Condensed Interim Financial Statements
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(Unaudited)

6. Exploration and evaluation assets (continued):

(f) *Beschefer*:

On February 26, 2021, the Company entered into an option agreement with Goldseek Resources Inc. (“**Goldseek**”) for Goldseek to earn a 100% interest in the Beschefer Property, located in the province of Quebec. Goldseek can exercise its option by incurring aggregate expenditures and issuing shares in Goldseek over a four year period as follows:

	Expenditures	Common shares to be issued
Upon execution of the agreement - completed	\$ -	750,000
On or before February 26, 2022 - completed	500,000	750,000
On or before February 26, 2023	750,000	750,000
On or before February 26, 2025	1,750,000	2,033,672
	<u>\$3,000,000</u>	<u>4,283,672</u>

The Company received 750,000 common shares with a fair value of \$187,500 of Goldseek on March 9, 2021 upon execution of the agreement. The Company received an additional 750,000 common shares with a fair value of \$78,750 on February 8, 2022. These shares are subject to a four month hold period. In accordance with the Company’s accounting policy, this amount was credited to the related exploration and evaluation asset. The Company does not record any expenditures made by Goldseek.

As at March 31, 2022, Goldseek satisfied the first and second anniversary minimum expenditure commitment of \$500,000 and \$750,000 respectively and excess expenditures will be carried forward to the third anniversary minimum commitment under the option agreement.

Goldseek may accelerate its expenditures and the option will be effectively exercised when they have incurred expenditures which total \$3,000,000 and issue 4,283,672 common shares.

The Beschefer property is subject to a 1% and a 2% net smelter return royalty on any future commercial production.

Notes to Condensed Interim Financial Statements
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6. Exploration and evaluation assets (continued):

(g) *Sudbury Properties subject to Loncan exploration joint venture agreements:*

Impala Platinum Holdings Limited (“Impala”) Agreement

Subject to an option and joint venture agreement with Impala on its Parkin properties, Impala earned a 49.6% interest and Wallbridge had a 50.4% interest at December 31, 2014. The Company entered into an option agreement with Impala effective December 31, 2014 to purchase Impala’s 49.6% interest on its Parkin properties by making cash payments over five years. The Company has made all payments but the final option payment of \$1,500,000.

In April 2022, the Company and Impala agreed to extend the final option payment to June 30, 2023 by the Company making a \$100,000 payment by June 30, 2022.

The Company may exercise this option at its discretion.

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7. Flow-through premium liability and commitment for qualifying flow-through expenditures:

Balance, December 31, 2020	\$ 20,000
Premium recorded through flow-through proceeds	7,161,556
Other income recorded as flow-through expenditures incurred	(7,181,556)
Balance, December 31, 2021	\$ -
Premium recorded through flow-through proceeds	8,621,698
Other income recorded as flow-through expenditures incurred	(1,630,700)
Balance, March 31, 2022	\$ 6,990,998

The Company had incurred and renounced effective December 31, 2021, qualifying Canadian exploration expenses (“**CEE**”) of \$20,010,230.

The Company has committed to incurring and renouncing CEE of \$29,187,570 by December 31, 2023. The Company has spent \$5,520,509 as at March 31, 2022.

The Company recorded premiums of \$8,621,698 in connection with the charity flow-through financing (note 10 (a)(i)) and private placement flow-through financing (note 10(a)(ii)) completed in the three months ended March 31, 2022 (December 31, 2021 - \$7,161,556). The Company estimates the proportion of the proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at the time the shares are issued.

As qualifying expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as other income in the statements of loss and comprehensive loss. During the three months ended March 31, 2022, a reduction in the flow-through liability of \$1,630,700 was recorded in other income (March 31, 2021 - \$nil).

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8. Provision for Closure Plans:

	March 31, 2022	December 31, 2021
Broken Hammer mine	\$ 1,961,943	\$ 2,004,259
Fenelon	1,089,860	1,089,860
Martinière	100,000	100,000
Provision for closure plan	\$ 3,151,803	\$ 3,194,119

The following is a reconciliation of the provision for closure plan amounts:

	March 31, 2022	December 31, 2021
Provision for closure plan, beginning of the period	\$ 3,194,119	\$ 3,743,989
Closure plan expenditures – Broken Hammer mine	(42,316)	(549,870)
Provision for closure plans, end of the period	\$ 3,151,803	\$ 3,194,119
Current portion	(878,131)	(575,843)
Provision for closure plan, long term	\$ 2,273,672	\$ 2,618,276

The Company determined the impact of discounting the future closure expenditures as at March 31, 2022 and December 31, 2021 is immaterial and as such, no discount rate has been applied in determining the closure provision. The Broken Hammer mine has been in a state of inactivity since 2015 and closure plan activities have been ongoing. The long term balance of \$1,083,812 for the Broken Hammer mine is expected to be incurred between 2023 and 2033, \$1,089,860 on Fenelon is expected to be incurred between 2024 and 2029, and \$100,000 on Martinière is expected to be incurred in 2023. The closure plan liability at Fenelon is based on the current closure plan which may be required to be amended based on future activities on the property.

At March 31, 2022 and December 31, 2021, the Company has one-year renewable letters of credit, secured by cash and cash equivalents, of \$3,259,845 supporting the closure plans.

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9. Related party transactions:

The Company had the following transactions with related parties:

	Three months ended March 31,	
	2022	2021
Lonmin Canada Inc. ("Loncan") (a)		
Recovery of costs billed to Loncan plus 10% fee	\$ (29,166)	\$ (52,648)
Gemibra Media (b)		
Social media services	14,100	13,100

- (a) The Company owns 17.8% of Loncan (December 31, 2021 – 17.8%) which has a book value of \$1,223,561 as at March 31, 2022 (December 31, 2021 - \$1,223,036). Effective October 28, 2019, the Company has an operatorship agreement with Loncan and receives a 10% fee on exploration expenditures incurred in Loncan, one director of the Company and William Day Holdings Limited ("**William Day**") are minority shareholders of Loncan, and the Company has representation on the board of directors of Loncan. At March 31, 2022, the Company has a receivable from Loncan of \$189,295 (December 31, 2021 - \$156,486). These transactions were in the normal course of operations and measured at the exchange amount of consideration established and agreed to by the related parties.
- (b) A principal of Gemibra Media is a close family member of Marz Kord, the President and CEO, and director of the Company. At March 31, 2022, the Company has a payable to Gemibra Media of \$5,311 (December 31, 2021 - \$4,520). In March 2021, the Company entered into two agreements to provide social media, website and video production services for a total of \$4,000 per month for a term of ten months. In January 2022, the Company entered into two agreements to provide social media, website and video production services for a total of \$4,700 per month for a term of twelve months. These transactions were in the normal course of operations and measured at the exchange amount of consideration established and agreed to by the related parties.

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Three months ended March 31, 2022
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10. Shareholders' equity:

(a) Share capital transactions:

	Number of shares	Share capital
Balance, December 31, 2021	818,115,891	\$391,532,268
"Bought deal" Public Offering – charity flow-through shares (i)	27,300,000	15,015,000
Private Placement – flow-through shares (ii)	36,968,351	14,172,570
Issuance costs allocated to shares (i) (ii)	-	(1,375,423)
Flow-through premium (i) (ii)	-	(8,621,698)
Balance, March 31, 2022	882,384,242	\$410,722,717

- (i) On February 24, 2022, the Company completed a "bought deal" public offering through the issuance of an aggregate of 27,300,000 charity flow-through common shares of the Company at a price of \$0.55 (the "**Offering Price**") per charity flow-through share for gross proceeds of \$15,015,000 to the Company. The charity flow-through shares were issued and sold pursuant to the terms of an underwriting agreement dated February 8, 2022. The Underwriters were paid a cash commission of 6% on the gross proceeds of the Offering.

In connection with the Offering, Kirkland was one of the back-end buyers and acquired 6,362,519 common shares to maintain its ownership interest in the Company at approximately 9.9% (on a non-diluted basis) in accordance with the non-dilution rights granted to Kirkland by the Company pursuant to a participation agreement between the Company and Kirkland dated December 6, 2019. William Day also participated as a back-end buyer and acquired 1,612,903 common shares of the Company.

In respect of the Offering, the charity flow-through shares were offered by way of a short form prospectus dated February 18, 2022, filed in all of the provinces of Canada. The gross proceeds from the sale of the charity flow-through shares will be used to support the Company's 2022 exploration program at the Company's Quebec properties on the Detour-Fenelon Gold Trend.

The Company recorded a flow-through share premium and a corresponding deferred liability of \$6,279,000 (note 7).

Share issuance costs of approximately \$1,274,760 for the public offering were charged as a reduction of share capital, net of tax impact of \$338,000.

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10. Shareholders' equity (continued):

(a) Share capital transactions (continued):

- (ii) On February 24, 2022, the Company completed a non-brokered private placement of 24,611,351 National flow-through common shares (“**National FT shares**”) and 12,357,000 Quebec flow-through common shares (“**Quebec FT shares**”) for aggregate gross proceeds of \$14,172,570. The National FT shares were issued at a price of \$0.37 and the Quebec FT shares at a price of \$0.41. In connection with the private placement, the Company paid a cash finder’s fee of 4%. The gross proceeds from the sale of the flow-through shares will be used to support the Company’s 2022 exploration program at the Company’s Quebec properties on the Detour-Fenelon Gold Trend.

The Company recorded a flow-through share premium and corresponding deferred liability of \$2,342,698 (note 7). Share issuance costs of approximately \$596,663 for the private placement were charged as a reduction of share capital, net of tax impact of \$158,000.

(b) Share Based Compensation Plan:

A summary of the Company’s stock options are as follows:

Stock Options	March 31, 2022		December 31, 2021	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period	12,645,436	\$0.59	9,519,724	\$0.59
Granted	9,236,900	\$0.385	4,930,012	\$0.64
Cancelled	(8,000)	\$0.93	(45,700)	\$0.64
Expired unexercised	(1,269,124)	\$1.10	(1,283,600)	\$0.92
Exercised	-	-	(475,000)	\$0.11
Outstanding, end of period	20,605,212	\$0.47	12,645,436	\$0.59

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10. Shareholders' equity (continued):

(b) Share Based Compensation Plan (continued):

At March 31, 2022, 8,229,886 stock options were exercisable (December 31, 2021 – 8,255,724). The weighted average exercise price of options exercisable at March 31, 2022 is \$0.50 per share (December 31, 2021 - \$0.57). The weighted average remaining contractual life of stock options outstanding is 5.14 years (December 31, 2021 – 3.51 years).

For the three months ended March 31, 2022 \$156,740 (three months ended March 31, 2021 - \$114,512) of expense relating to stock options was recorded in share based compensation, and \$53,149 (three months ended March 31, 2021 - \$18,167) was capitalized to exploration and evaluation assets.

On March 28, 2022, 9,236,900 stock options were granted at an exercise price of \$0.385 which will expire on March 28, 2029. The stock options will vest over three years (approximately 3,078,966 per year) on March 28, 2023, March 28, 2024, and March 28, 2025. The fair value of stock options granted during the three months ended March 31, 2022 has been estimated using the Black-Scholes pricing model to be \$1,692,616 or \$0.183 per common share.

The assumptions used in the pricing model are as follows:

	March 31, 2022	December 31, 2021
Estimated risk free interest rate	2.27%	0.54% to 0.58%
Expected life	3.3 years	3.2 years
Expected volatility *	70.4%	81.2% to 85.3%
Expected dividends	\$Nil	\$Nil
Forfeiture rate *	3%	3.2% to 3.3%

* The expected volatility used was based on the historical volatility of the Company's share price over a period equivalent to the expected life of the options prior to their grant date. The forfeiture rate is based on historical rate of forfeitures at the time of stock option grant.

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10. Shareholders' equity (continued):

(b) *Share Based Compensation Plan (continued):*

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

Exercise Price	Number	Exercisable	Expiry Date
\$0.64	494,600	494,600	May 12, 2022
\$0.085	30,000	30,000	June 5, 2022
\$0.075	100,000	100,000	November 9, 2022
\$0.075	450,000	450,000	July 5, 2023
\$0.25	191,700	191,700	September 7, 2023
\$0.165	400,000	400,000	December 7, 2023
\$0.155	1,275,000	1,275,000	January 3, 2024
\$0.175	200,000	200,000	January 28, 2024
\$0.25	624,800	624,800	April 12, 2024
\$0.42	200,000	200,000	July 21, 2024
\$0.785	200,000	200,000	December 8, 2024
\$0.66	1,597,500	1,597,500	January 30, 2025
\$0.93	1,115,000	1,115,000	May 11, 2025
\$0.77	100,000	100,000	December 12, 2025
\$0.64	3,753,900	1,251,286	March 19, 2028
\$0.61	280,312	-	June 15, 2028
\$0.60	240,200	-	September 1, 2028
\$0.61	115,300	-	September 13, 2028
\$0.385	9,236,900	-	March 28, 2029
Outstanding options	20,605,212	8,229,886	

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10. Shareholders' equity (continued):

(b) Share Based Compensation Plan (continued):

A summary of the Company's Deferred Stock Units ("DSUs") are as follows:

	March 31, 2022	December 31, 2021
DSUs	Number	Number
Outstanding, beginning of year	2,719,818	6,420,004
Granted for settlement of prior year's director's fees	219,792	77,924
Granted for settlement of current year's director's fees	-	471,727
Exercised	-	(4,249,837)
Outstanding, end of period	2,939,610	2,719,818

In January 2022, a total of 219,792 (2021 – 77,924) DSUs were granted to the directors of the Company in settlement of 2021 directors' fees owing of \$85,718 (2020 - \$60,625). In April 2022, 263,561 DSUs were granted to the directors of the Company in settlement of the first quarter of 2022 directors fees owing of \$91,718.

(c) Share purchase warrants:

Each warrant entitles the holder to purchase one common share.

At March 31, 2022, the Company has reserved shares for issuance as follows:

	March 31, 2022		December 31, 2021	
Warrants	Number	Average Price	Number	Average Price
Outstanding, beginning of period	500,000	\$1.00	4,088,423	\$0.49
Expired unexercised	-	-	(2,485)	\$0.43
Exercised	-	-	(3,585,938)	\$0.35
Outstanding, end of period	500,000	\$1.00	500,000	\$1.00

No warrants were issued during the three months ended March 31, 2022.

There are 500,000 warrants outstanding and exercisable as at March 31, 2022 with an exercise price of \$1.00 which expire on March 17, 2025.

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11. Commitments and contingencies:

Contingencies:

Various legal, tax and environmental matters are outstanding from time to time due to the nature of the Company's operations. While the final outcome with respect to actions outstanding or pending at March 31, 2022 cannot be predicted with certainty, it is management's opinion that it is more likely than not that these actions will not result in the outflow of resources to settle the obligation; therefore, no amounts have been accrued.

Commitments:

- (i) The Company has a commitment of flow-through share expenditures of approximately \$23.7 million.
- (ii) In December 2020, the Company signed an agreement with McGill University to sponsor a research project on the Detour-Fenelon Gold property for \$240,000 which is payable at \$60,000 per year for four years. The first payment was made in January 2021 and the second payment was made in December 2021.
- (iii) The Company has committed to contributing up to \$1,500,000 to improve and upgrade the road that will facilitate access to the Sunday Lake geological fault located near Matagami, Québec. The total road improvement and upgrade costs are estimated to be \$6,500,000 with the balance of the costs to be contributed by the Government of Québec.