



Brunswick Exploration Inc.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**For the three-month and six-month periods ended
June 30, 2022 and 2021**

In Canadian Dollars

Unaudited

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Brunswick Exploration Inc. have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Brunswick Exploration Inc.
Condensed Consolidated Statements of Financial Position

<i>(in Canadian dollars)</i>	June 30, 2022 (unaudited)	December 31, 2021 (audited)
	\$	\$
ASSETS		
<u>Current</u>		
Cash	2,952,697	1,489,286
Sales taxes receivable	491,539	659,911
Prepaid expenses and deposits	93,176	91,642
Other receivables from related companies	-	67,211
	3,537,412	2,308,050
<u>Non-current</u>		
Exploration and evaluation assets (Note 4)	4,358,729	3,871,643
Right of use asset	62,826	85,000
Equipment and intangible assets	29,795	23,708
TOTAL ASSETS	7,988,762	6,288,401
LIABILITIES		
<u>Current</u>		
Accounts payable and accrued liabilities	681,520	812,170
Short-term portion of convertible debentures (Note 5)	281,022	264,865
	962,542	1,077,035
<u>Non-current</u>		
Convertible debentures (Note 5)	320,188	301,779
Deferred premium on flow-through shares (Note 6)	148,106	-
Lease obligation	62,826	85,000
TOTAL LIABILITIES	1,493,662	1,463,814
EQUITY		
Share capital	26,159,046	23,148,277
Warrants	770,430	579,614
Stock options	467,193	417,232
Contributed surplus	2,510,607	2,510,607
Deficit	(23,412,176)	(21,831,143)
Equity attributable to shareholders	6,495,100	4,824,587
TOTAL LIABILITIES AND EQUITY	7,988,762	6,288,401

Commitments and contingencies (Note 15)
Subsequent event (Note 16)

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

/s/ Robert Wares
Robert Wares, Chairman

/s/ Killian Charles
Killian Charles, President

Brunswick Exploration Inc.
Condensed Consolidated Statements of Loss and Comprehensive Loss

<i>(unaudited, in Canadian dollars)</i>	Three-month periods ended		Six-month periods ended	
	2022	June 30, 2021	2022	June 30, 2021
	\$	\$	\$	\$
Expenses				
Administrative expenses (Note 10)	366,510	1,074,763	542,265	1,265,429
Interest on convertible debentures and due to an administrator (Note 5)	17,634	39,500	34,566	84,500
Stock-based compensation	25,714	33,246	46,169	66,491
Impairment of exploration and evaluation assets (Note 4)	829,991	-	829,991	-
Gain on sale of investments	-	(248,386)	-	(359,161)
Interest revenue	(4,065)	-	(5,137)	-
Depreciation of equipment and intangible assets	4,284	4,106	6,337	4,106
Net loss and comprehensive loss	(1,240,068)	(903,229)	(1,454,191)	(1,061,365)
Gain on disposal of subsidiaries (Note 14)	-	-	-	1,107,256
Net profit associated to discontinued activities	-	-	-	1,107,256
Income tax recovery	14,754	-	14,754	-
Net (loss) profit and comprehensive (loss) income	(1,225,314)	(903,229)	(1,439,437)	45,891
Per Share (Note 19)				
Basic and diluted – continued activities	(0.01)	(0.01)	(0.01)	(0.01)
Basic and diluted – discontinued activities	0.00	0.00	0.00	0.01
Weighted average number of common shares – basic and diluted	140,057,549	131,369,712	135,719,631	131,369,712

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

Brunswick Exploration Inc.
Condensed Consolidated Statements of Shareholders' Equity
For the three-month and six-month periods ended June 30, 2022 and 2021

(Unaudited, in Canadian dollars, except for number of shares)

	Issued and outstanding common shares	Share capital	Warrants	Stock options	Equity component of convertible debentures	Contributed surplus	Deficit	Total equity
	Number	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2022	131,381,712	23,148,277	579,614	417,232	-	2,510,607	(21,831,143)	4,824,587
Acquisition of mining properties (Note 4)	100,000	22,000	-	-	-	-	-	22,000
Units issued pursuant to a private placement (Note 7)	6,142,401	884,104	190,816	-	-	-	-	1,074,920
Issuance of flow-through shares (Note 7)	11,337,625	2,267,525	-	-	-	-	-	2,267,525
Deferred premium on flow-through shares	-	(162,860)	-	-	-	-	-	(162,860)
Units and flow-through share issue costs	-	-	-	-	-	-	(141,596)	(141,596)
Share-based compensation	-	-	-	49,961	-	-	-	49,961
Net loss and comprehensive loss	-	-	-	-	-	-	(1,439,437)	(1,439,437)
Balance as at June 30, 2022	148,961,738	26,159,046	770,430	467,193	-	2,510,607	(23,412,176)	6,495,100
Balance as at January 1, 2021	131,369,712	23,146,477	579,614	302,693	163,819	2,346,788	(21,766,956)	4,772,435
Stock-based compensation	-	-	-	66,491	-	-	-	66,491
Net loss and comprehensive loss	-	-	-	-	-	-	45,891	45,891
Balance as at June 30, 2021	131,369,712	23,146,477	579,614	369,184	163,819	2,346,788	(21,721,065)	4,884,817

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

Brunswick Exploration Inc.

Condensed Consolidated Statements of Cash Flows

<i>(Unaudited, in Canadian dollars)</i>	Six-month periods ended	
	2022	June 30, 2021
	\$	\$
Operating activities		
Net (loss) profit	(1,439,437)	45,891
Adjustments		
Share-based compensation	46,169	66,491
Depreciation of equipment and intangible assets	6,337	4,106
Amortization of convertible debenture issuance cost	-	3,250
Non-cash interest on convertible debenture and long-term debt	34,566	30,061
Fair value variation of the short-term investment	-	(359,161)
Income tax recovery	(14,754)	-
Impairment of exploration and evaluation assets (Note 4)	829,991	-
Gain on disposal of subsidiaries (Note 14)	-	(1,107,256)
Changes in working capital items (Note 11)	286,537	541
Net cash flows used in operating activities	(250,591)	(1,316,077)
Investing activities		
Investments in exploration and evaluation assets	(1,474,423)	(941,906)
Investments in equipment and intangible assets	(12,424)	-
Proceeds from the sale of investments	-	1,731,339
Net cash flows (used in) provided by investing activities	(1,486,847)	789,433
Financing activities		
Issuance of Units and flow-through shares, net of share issue costs (Note 7)	3,200,849	-
Reimbursement of convertible debt (Note 5)	-	(500,000)
Net cash flows provided by (used in) financing activities	3,200,849	(500,000)
Net increase (decrease) in cash	1,463,411	(1,026,644)
Cash, beginning of period	1,489,286	5,492,705
Cash, end of period	2,952,697	4,466,061

Supplemental disclosure (Note 12)

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

Brunswick Exploration Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2022 and 2021

(Unaudited, in Canadian dollars)

1. NATURE OF ACTIVITIES

Brunswick Exploration Inc. (the “Company” or “BRW”) is primarily engaged in the acquisition and exploration of mineral properties. BRW is domiciled in Canada and is governed by the *Business Corporations Act* (Québec). The address of the Company’s registered office is 1100, Avenue des Canadiens-de-Montreal, Suite 300, Montreal, Québec, Canada.

All amounts in these consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. The Company is listed on the Toronto Venture Exchange (“TSXV”) under the symbol “BRW” and is focused on exploration and development of gold and energy transition metal properties in Eastern Canada.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of deferred exploration and evaluation expenses is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to continue the exploration, evaluation and development of its properties; and obtaining certain government approvals or proceeds from the disposal of properties. Changes in future conditions could require material impairment of the carrying value of the deferred exploration and evaluation expenses. Although the Company has taken steps to verify title to its mining properties on which it is currently conducting exploration and evaluation work, in accordance with industry standards for the current stage of exploration and evaluation of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board* (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting*. The unaudited condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2021, which have been prepared in accordance with IFRS.

These unaudited condensed interim consolidated financial statements were approved by the Company’s Board of Directors (the “Board”) on August 23, 2022.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries listed below:

Name of subsidiary	Activity	Country
Komet Ressources Afrique SA (“Komet SA”)	Sold in January 2021	Burkina Faso
Guïro Exploration SARL (“Guïro”)	Sold in January 2021	Burkina Faso

The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All intercompany balances and transactions are eliminated on consolidation.

3. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the Company’s management to make judgments, estimates and assumptions on reported amounts of assets and liabilities, and reported amounts of expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may be substantially different. The critical accounting, judgments, estimates and assumptions are the same as those in our most recent audited annual financial statements.

Brunswick Exploration Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2022 and 2021

(Unaudited, in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

The Company has incurred the following costs on its exploration and evaluation assets:

Property	Balance at	Additions	Balance at	Additions	Impairment	Balance at
	January 1, 2021		December 31, 2021			June 30, 2022
	\$	\$	\$	\$	\$	\$
Waconichi (a)						
Mining rights	2,584	-	2,584	-	(2,584)	-
Exploration expenses	109,813	713,594	823,407	4,000	(827,407)	-
	<u>112,397</u>	<u>713,594</u>	<u>825,991</u>	<u>4,000</u>	<u>(829,991)</u>	<u>-</u>
Lac Edouard (b)						
Mining rights	-	108,652	108,652	45,000	-	153,652
Exploration expenses	-	866,589	866,589	49,280	-	915,869
	<u>-</u>	<u>975,241</u>	<u>975,241</u>	<u>94,280</u>	<u>-</u>	<u>1,069,521</u>
Bathurst (c)						
Mining rights	100,000	41,503	141,503	-	-	141,503
Exploration expenses	-	702,231	702,231	-	-	702,231
	<u>100,000</u>	<u>743,734</u>	<u>843,734</u>	<u>-</u>	<u>-</u>	<u>843,734</u>
Fundy (d)						
Mining rights	151,454	59,296	210,750	22,500	-	233,250
Exploration expenses	171,505	791,368	962,873	139,435	-	1,102,308
	<u>322,959</u>	<u>850,664</u>	<u>1,173,623</u>	<u>161,935</u>	<u>-</u>	<u>1,335,558</u>
Critical Minerals (e)						
Mining rights	-	34,062	34,062	472,681	-	506,743
Exploration expenses	-	18,992	18,992	584,181	-	603,173
	<u>-</u>	<u>53,054</u>	<u>53,054</u>	<u>1,056,862</u>	<u>-</u>	<u>1,109,916</u>
Summary						
Mining rights	254,038	243,513	497,551	540,181	(2,584)	1,035,148
Exploration expenses	281,318	3,092,774	3,374,092	776,896	(827,407)	3,323,581
	535,356	3,336,287	3,871,643	1,317,077	(829,991)	4,358,729

- (a) Waconichi, Québec: On September 1, 2020, the Company staked the Waconichi base metal property, located 40 km northeast of the town of Chibougamau in the northern section of the Abitibi greenstone belt, Eeyou Istchee, Québec. This property comprises 260 map-staked claims (14,297 ha). During the three-month and six-month periods ended June 30, 2022, the Company wrote-off \$829,991 (\$ nil in 2021) of costs incurred on this property, related to specific areas where claims are not expected to be renewed, where the Company has decided to discontinue exploration and evaluation activities or the assets carrying amount exceeds its recoverable amount.
- (b) Lac Edouard, Québec: On February 19, 2021, in addition to completing staking, the Company concluded option and purchase agreements from a private company and prospectors to acquire a 100% interest in the Lac Edouard Project, located 40 km northeast of the town of La Tuque, Québec, and 125 km northwest of Québec City.

The Company optioned 25 claims (1,375 ha) from Les Ressources Tectonic Inc. This option allows the Company to acquire a 100% interest in this property over a three-year period for total cash consideration of \$170,000 and exploration expenditures of \$500,000 under the following terms:

- Upon closing of the formal agreement, the Company paid \$15,000;
- Upon the first-year anniversary of the closing, the Company paid \$45,000 and completed \$100,000 in exploration;
- Upon the second-year anniversary of the closing, the Company will pay \$50,000 and will have completed and additional \$150,000 in exploration; and
- Upon the third-year anniversary of the closing, the Company will pay \$60,000 and will have completed and additional \$250,000 in exploration.

The Company also granted a 2% net smelter return ("NSR") on the claims covered by this option agreement. The first half (1%) of this NSR may be repurchased upon payment of \$1,500,000 from the Company to the optionor. BRW retains a first right of purchase of the second half of this NSR.

Brunswick Exploration Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2022 and 2021

(Unaudited, in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

b) Lac Edouard, Québec (continued):

Additionally, BRW purchased a 100% interest in eight peripheral claims (464 ha) to the optioned property from prospectors for cash consideration of \$14,400 paid during year ended December 31, 2021. The Company also granted a 2% NSR on these purchased claims. The first half (1%) of this NSR may be repurchased upon payment of \$1,000,000 from the Company to the vendors. The second half may be purchased for \$2,000,000. If BRW elects to complete both payments, it will have repurchased the entirety of the royalty on the eight purchased claims.

c) Bathurst, New-Brunswick: In August 2020, BRW entered into an option agreement (amended in April 2021) with Osisko Metals Incorporated ("Osisko Metals") whereby it can acquire a majority interest in the Brunswick Belt exploration property located in the eastern portion of the Bathurst mining camp. This property covers 72 km of the prolific Brunswick Belt and includes the Key Anacon and Gilmour South base metal deposits. This option allows the Company to earn an interest of up to 51% by spending an aggregate of \$10,000,000 in two stages over a five-year period. This option agreement has two distinct earn-in requirements:

- Option 1: BRW can acquire an initial 15% interest in this property by making a \$100,000 cash payment (completed in 2020) and financing a total of \$2,000,000 in exploration work no later than the second anniversary of signing this option.
- Option 2: BRW can acquire an additional 36% interest (a total interest of 51%), by financing a total of \$10,000,000 (taking into account the amount of \$2,000,000 incurred as part of Option 1) in exploration work in accordance with the following schedule:
 - A cumulative total of \$4,000,000 no later than the third anniversary;
 - A cumulative total of \$6,500,000 no later than the fourth anniversary;
 - A cumulative total of \$10,000,000 no later than the fifth anniversary.

Upon completion of any or all phases (at the Company's discretion), a joint venture may be formed between the Company and Osisko Metals. Osisko Metals is considered a related party due to common officers and directors. On June 8, 2021, the Company announced that this transaction received approval from the TSXV.

d) Fundy, New-Brunswick: In October 2020, the Company staked a gold-silver property totaling 37,260 ha. These properties are located west of Saint John, New Brunswick, which cover 40 km of strike length along the Fundy Shear Zone, a regional, deep-rooted, sparsely explored Appalachian fault system.

In tandem with this staking program, on October 14, 2020, the Company closed an option agreement, which was amended on April 19, 2021, relating to 6 claims (116 units) totaling 2,639 ha. Under the terms of this agreement, the Company may acquire a 100% interest in the claims in exchange for:

- At each the closing and the amendment dates, payments of \$10,000 (\$20,000 total) were made.
- On the first anniversary of the closing, a payment of \$22,500 and an issuance of 12,000 shares were completed.
- On the second anniversary of the closing, the payment of \$22,500 and issuance of 22,000 shares.
- On the third anniversary of the closing, the payment of \$22,500 and issuance of 22,000 shares.
- On the fourth anniversary of the closing, the payment of \$32,500 and issuance of 54,000 shares.
- On the fifth anniversary of the closing, the payment of \$35,000 and issuance of 110,000 shares.

The timeline can be accelerated at the Company's option and no minimum exploration expenses have to be incurred to complete the acquisition. BRW will also grant a 2% NSR on the claims covered by this option agreement. The first 1% of the NSR may be redeemed following payment by the Company of \$1,000,000. The second 1% NSR may be redeemed following payment by the Company of \$2,000,000.

Brunswick Exploration Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2022 and 2021

(Unaudited, in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

- e) Critical Minerals: BRW launched a grassroots critical minerals exploration program in eastern Canada with the following transactions:
- In December 2021, the staking of claims (6,527 ha), located in southeastern and central New Brunswick, collectively known as the Caledonia and Catamaran projects. In March 2022, BRW expanded on these claims with the staking of an additional 42,737 ha.
 - In March 2022, the staking of 618 claims (35,440 ha) throughout the Southern Abitibi region of Québec, collectively known as the Pontiac Lithium Project.
 - In March 2022, the staking of multiple claim groups in west central Nova Scotia (115,837 ha), all within the huge peraluminous South Mountain Batholith, located roughly 30 km from Halifax. In addition to this claim package, BRW announced the acquisition from a prospector of a property which contains 60 claims (971 ha). This purchase closed in June 2022 and BRW acquired a 100% interest in this property for a total consideration of \$15,000 in cash and 100,000 common shares (fair value of \$22,000).
 - On April 19, 2022, the Company announced that a total of 300 claims (16,121 ha) were acquired or optioned (collectively, the “North Shore Lithium Project”) in Québec. The claim package includes an option agreement with Kintavar Exploration Inc. (“Kintavar”) for their BJB property. The Company has signed a letter of intent (“LOI”) to enter into a four-year option agreement to acquire 100% of the BJB property with the following terms:
 - i. Total payment of \$1,020,000 over the four-year period:
 - Cash of \$20,000 upon signing of the agreement;
 - Payment of \$100,000 at the first-year anniversary;
 - Payment of \$200,000 at the second-year anniversary;
 - Payment of \$300,000 at the third-year anniversary;
 - Payment of \$400,000 at the fourth-year anniversary;
 - Each anniversary payment will be a combination of cash and shares with a minimum 20% in cash and up to a maximum of 80%.
 - ii. BRW will commit to the following exploration expenditures totaling \$2,000,000 over the four-year period:
 - Expenditures of \$150,000 at the first-year anniversary;
 - Expenditures of \$250,000 at the second-year anniversary;
 - Expenditures of \$400,000 at the third-year anniversary;
 - Expenditures of \$1,200,000 at the fourth-year anniversary;
 - iii. 2% NSR of which the first 1% can be bought back for \$1,000,000. BRW will retain a Right of First Refusal on the second 1% tranche.
 - iv. Additional milestone payments:
 - Payment of \$250,000 upon completion of a Mineral Resource Estimate;
 - Payment of \$750,000 upon completion of Preliminary Economic Assessment;
 - Each milestone payment will be a mixture of cash and shares with a minimum 20% in cash and up to a maximum of 80%.
 - On May 17, 2022, the Company announced the staking of multiple claim groups in southern Newfoundland which contains 1,327 claims (33,093 ha) located near the areas of Port aux Basques, Hermitage and Rencontre East.
 - On June 14, 2022, BRW announced its acquisition of additional pegmatite fields in the James Bay region of Québec. A total of approximately 810 claims (42,892 ha), were staked and are collectively known as the James Bay Lithium Project. All claims are located within 45 km of the James Bay road network.

Brunswick Exploration Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2022 and 2021

(Unaudited, in Canadian dollars)

5. CONVERTIBLE DEBENTURES

Convertible debentures 2015

In June 2015, the Company completed a private placement in the form of convertible debentures for gross proceeds of \$2,000,000 for which a finder's fee of \$65,000 was paid. These debentures were bearing interest at a rate of 12%, payable semi-annually, on June 1st and December 1st of each year. Each debenture was convertible at any time prior to the maturity date at the discretion of the subscriber for common shares at a conversion price of \$0.65 per common share. These debentures matured on June 8, 2020 and the outstanding balance of \$500,000 was repaid as at December 31, 2021.

Convertible debentures 2018

On September 27, 2018, the Company completed a private placement in the form of convertible debentures (the "2018 Debentures") for gross proceeds of \$1,000,000 (the "Principal"), with a maturity date of September 1, 2021 (the "Maturity Date"). The 2018 Debentures were bearing interest at a rate of 12%, payable semi-annually, on March 1st and September 1st of each year. These debenture were convertible at any time prior to the Maturity Date at the discretion of the subscriber (the "Subscriber") for common shares at a conversion price of \$0.40 per share.

At its discretion and up to a maximum of three times before the due date, the Company had the option to pay accrued interest by issuing shares based on the market price on the date of the payment. After the end of the third year, the Company had the right to force the conversion of these debentures in the event that BRW's common shares were traded at more than \$1.00 per share for more than 10 consecutive days.

At the date of issue, the fair value of the conversion option was determined to be \$145,000. The fair value of these debentures was determined by discounting the cash flows related to these debentures at a rate of 19.5%, which is the interest rate that the Company would have expected to pay if these debentures did not have a conversion option, representing the excess of the fair value of debentures and their nominal value. Therefore, the fair value of these debentures was \$855,000 at the initial transaction date.

In September 2021, the Company and the Subscriber agreed to a repayment schedule (the "Amendment") for the Principal and interest owing at the Maturity Date. As per the Amendment, the Company will repay the balance over three annual payments and no additional interest will apply to the 2018 Debentures subsequent to the Maturity Date. A gain of \$131,969 was recognized at the time of the Amendment in the income statement for the year ended December 31, 2021, using a discount rate of 12% (the interest rate that the Company would have expected to pay if the Amendment was not signed). The first payment was made in November 2021. Transactions affecting convertible debentures were as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Balance, beginning of period	566,644	1,458,151
Reimbursement of debenture	-	(833,333)
Gain on amendment of the 2018 Debenture	-	(131,969)
Interest accretion	34,566	73,795
Balance, end of period	601,210	566,644
Balance, short-term	281,022	264,865
Balance, long-term	320,188	301,779

6. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

	June 30, 2022
	\$
Balance – beginning of period	-
Liability related to flow-through shares issued	162,860
Recognition of liability related to flow-through shares	(14,754)
Balance – end of period	148,106

Brunswick Exploration Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2022 and 2021

(Unaudited, in Canadian dollars)

7. SHARE CAPITAL AND WARRANTS

Share capital

Authorized:

Unlimited number of common shares, voting and participating, without par value.

Unlimited number of preferred shares, non-voting, without par value, issuable in series

On May 20, 2022, the Company completed a brokered private placement of an aggregate of (i) 6,142,401 units of the Company (each, a "Unit") at a price of \$0.175 per Unit, and (ii) 11,337,625 shares of the Company ("Flow-Through Shares") at an issue price of \$0.20 per Flow-Through Share, for aggregate gross proceeds of \$3,342,445 (collectively, the "Offerings") and share issue costs totaled \$141,596. The fair value of the 11,337,625 Flow-Through Shares was estimated to be \$2,097,461. An amount of \$162,860 (net of share issue costs of \$7,204) was allocated to the deferred premium on flow-through shares (Note 6).

Each Unit consists of one common share of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant of the Company (each whole warrant, a "Warrant"). Following the close of the Offerings, each Warrant entitled the holder thereof to acquire one Common Share at a price of \$0.23 for a 24-month period. On June 21, 2022, the Company extended the life of these Warrants by 12-months and the Warrants now expire on May 17, 2025.

Warrants

The following table sets out the activity in Warrants:

	Number of Warrants	Exercise price (\$)
Balance – January 1, 2022	8,750,000	0.22
Issued	3,071,199	0.23
Balance – June 30, 2022	11,821,199	0.22

8. STOCK OPTIONS

The Company has adopted a share-based compensation plan (the "Plan") under which members of the Board may award stock options ("Options") to directors, staff members and consultants. On April 26, 2022, the Board approved an amendment to the Plan to increase the number of Common Shares reserved for issuance under the Plan from 5,000,000 to 13,000,000.

The following table sets out the activity in Options:

	Number of Options	Weighted average exercise price (\$)
Balance – January 1, 2022	4,000,000	0.27
Issued	2,500,000	0.21
Balance – June 30, 2022	6,500,000	0.25
Exercisable Options – June 30, 2022	1,800,000	0.35

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8. STOCK OPTIONS (continued)

On June 22, 2022, the Company approved a grant of Options to certain directors, officers, key employees and key consultants to purchase up to an aggregate of 2,500,000 Common Shares. This grant is subject to a three-year vesting period and a five-year term at an exercise price of \$0.21 per share.

The Options, when granted, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the following weighted average assumptions for the six-month period ended June 30, 2022:

Share price at date of grant	\$0.21
Exercise price at date of grant	\$0.21
Risk-free interest rate	3.40%
Expected life of Options	5.0 years
Annualized expected volatility	90%
Dividend rate	0%
Weighted average fair value per Option	\$0.15

For the three-month period ended June 30, 2022, the share-based compensation costs amounted to \$27,838 (\$33,246 for the three-month period ended June 30, 2021) for which \$25,714 was recorded in the income statement for the three-month period ended June 30, 2022 (\$33,246 in the three-month period ended June 30, 2021) and \$2,124 was capitalized to exploration assets (\$ nil in the three-month period ended June 30, 2021). The offsetting credit is recorded as contributed surplus.

For the six-month period ended June 30, 2022, the share-based compensation costs amounted to \$49,961 (\$66,491 for the six-month period ended June 30, 2021) for which \$46,169 was recorded in the income statement for the six-month period ended June 30, 2022 (\$66,491 in the six-month period ended June 30, 2021) and \$3,792 was capitalized to exploration assets (\$ nil in the six-month period ended June 30, 2021). The offsetting credit is recorded as contributed surplus.

9. NET LOSS PER SHARE

Due to the net loss from continued operations for the three-month and six-month periods ended June 30, 2022 and 2021, all potentially dilutive common shares (Notes 7 and 8) are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

10. ADMINISTRATIVE EXPENSES

	Three-months ended		Six-months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries	112,585	105,095	191,158	144,740
Management fees	-	55,000	-	82,500
Investor relations	78,022	94,619	135,537	123,703
Professional fees	90,934	105,582	102,249	172,584
Travel	54,783	678	57,225	678
Office	30,186	35,920	56,096	63,355
Misappropriation of assets (a)	-	677,870	-	677,870
Total	366,510	1,074,763	542,265	1,265,429

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(Unaudited, in Canadian dollars)

10. ADMINISTRATIVE EXPENSES (continued)

(a) In June 2021, Management identified certain transactions, which raised suspicions of misappropriation of Company assets by a former employee relating to prior transactions, which were brought to the attention of the Company's Board, auditors and external legal counsel. Management performed a formal investigation and based on key findings, the Company identified unauthorized transactions totaling \$979,000 having taken place between April 2018 and June 2021. Of these amounts, \$571,130 had been recognized in expenses at the time the transactions were entered into and had no impact on the consolidated net loss as previously reported for each of the periods ended December 31, 2018, 2019 and 2020.

On August 13, 2021, the Company entered into a transaction agreement with the former employee, who acknowledged the misappropriation of assets and has agreed to a reimbursement timeline. In December 2021, the Company was reimbursed \$200,000 related to this transaction agreement. The Company recognized a 100% credit loss on this receivable for a net accounting value of nil as at June 30, 2022 and December 31, 2021 and will record future reimbursement payments in the statement of comprehensive loss as funds are received.

Administrative expenses of \$677,870 include unauthorized transactions made in the six-month period ended June 30, 2021 (\$ nil for the six-month period ended June 30, 2022).

11. RELATED PARTIES

Related party transactions and balances, not otherwise disclosed, are summarized below:

Key management includes directors and officers of the Company. The compensation paid or payable to key management for employee services is presented below for the three-month and six-month periods ended June 30, 2022 and 2021:

	Three-months ended June 30,		Six-months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and short-term employee benefits (including management fees)	65,500	121,667	131,000	201,667
Share-based compensation	25,714	18,700	46,169	54,716
	91,214	140,367	177,169	256,383

During the three-month and six-month periods ended June 30, 2022 and 2021, the Company undertook transactions with certain related companies. Osisko Metals, Falco Resources Ltd. ("Falco") and Osisko Gold Royalties Ltd ("OGR") are related parties as they have a significant influence on the Company due to common officers and directors.

During the three-month and six-month periods ended June 30, 2022, OGR invoiced \$11,500 and \$24,000, respectively, in relation to professional services and rental of offices (\$14,950 and \$29,900, respectively, for the three-month and six-month periods ended June 30 2021). As at June 30, 2022, \$9,000 is included in trade and other payables (\$30,000 as at December 31, 2021).

During the three-month and six-month periods ended June 30, 2022, amounts of \$6,000 and \$11,000, respectively, were invoiced by Osisko Metals for professional services (\$ nil during the three-month and six-month periods ended June 30, 2022). As at June 30, 2022, \$11,000 is included in trade and other payables (\$48,000 as at December 31, 2021).

During the three-month and six-month periods ended June 30, 2022, amounts of \$10,000 and \$19,500, respectively, were invoiced by Falco for professional services (\$ nil during the three-month and six-month periods ended June 30, 2022). As at June 30, 2022, \$7,000 is included in trade and other payables (\$ nil as at December 31, 2021).

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(Unaudited, in Canadian dollars)

11. RELATED PARTIES (continued)

As at June 30, 2022 and December 31, 2021, interest payable on the 2018 Debentures amounted to \$114,000. Interest incurred on the 2018 Debentures for the three-month and six-month periods ended year ended June 30, 2022 was nil (\$30,000 and \$60,000 for the three-month and six-month periods ended June 30, 2021, respectively).

Management is of the opinion that these transactions were undertaken under the same conditions as transactions with non-related parties. These operations were incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. SUPPLEMENTAL DISCLOSURE – STATEMENTS OF CASH FLOW

Changes in non-cash working capital items:	Six-months ended June 30,	
	2022	2021
	\$	\$
Sales taxes receivable	235,583	(85,413)
Prepaid expenses	(1,534)	(66,790)
Accounts payable and accrued liabilities	52,488	152,744
	286,537	541

Other information not otherwise disclosed:	Six-months ended June 30,	
	2022	2021
	\$	\$
Exploration and evaluation asset expenditures included in trade and other payables		
Beginning of period	546,613	97,544
End of period	363,475	579,343

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value

The following presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of 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 at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for assets or liabilities that are not based on observable data (unobservable inputs).

The fair value of the investments in shares have been estimated by reference to their quoted prices at the reporting date. Investments measured at fair value in the statement of financial position as at June 30, 2022 and December 31, 2021 are classified in level 1.

14. DISCONTINUED ACTIVITIES

Sale of Burkina Subsidiaries

In April 2019, the Company entered into a share purchase agreement with CINI SOLUTIONS for the sale of all the shares of two of the Company's wholly owned subsidiaries; Komet SA and Guiro. The sale was concluded on January 20, 2021 and the Company recorded a gain of \$1,107,256 on this transaction. The parties have been discharged of all responsibilities as at this date and the closing of this transaction allows the Company to cease all activities in Africa.

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15. COMMITMENTS AND CONTINGENCIES

Flow-through shares

The Company is partially financed through the issuance of flow-through shares, and accordingly, the Company is engaged to complete mining exploration activities. These tax rules also set deadlines for carrying out the exploration work no later than the first of the following dates:

- a. Two years following the flow-through placements;
- b. One year after the Company has renounced the tax deductions relating to the exploration work.

In December 2020, the Company received \$1,998,115 following the issuance of flow-through shares for which the Company renounced tax deductions as at December 31, 2020. As at June 30, 2022, this commitment is complete.

In May 2022, the Company received \$2,267,525 following the issuance of flow-through shares for which the Company will renounce tax deductions as at December 31, 2022. As at June 30, 2022, \$2,060,000 remains to be incurred by December 31, 2023.

16. SUBSEQUENT EVENT

Private Placement

On July 12, 2022, the Company closed a non-brokered private placement of \$1,009,950, consisting of 5,771,143 Units of the Company at a price of \$0.175 per Unit (the "July 2022 Offering").

Each Unit consists of one Common Share and one-half of one Warrant. Each whole Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.23 for a 36-month period following the closing date of the July 2022 Offering.