

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

For the years ended
December 31, 2022 and 2021

Independent Auditor's Report

To the Shareholders of Eagle Plains Resources Ltd.

Opinion

We have audited the consolidated financial statements of Eagle Plains Resources Ltd. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021 and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the years ended December 31, 2022. We have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 7 of the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 2 and Note 3 of the consolidated Financial Statements for a description of the accounting policy and significant judgements applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale.

Why the matter was determined to be a key audit matter

We considered this a key audit matter due to (i) the significance of the Exploration and Evaluation Assets balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining claims and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Obtaining, for a sample of mining claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates;
- Assessing compliance with option agreements including reviewing agreements and vouching cash payments and share issuances;
- Enquiring with management and reviewing budgets and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future;
- Assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale; and
- Assessing the adequacy of the related disclosures in Note 2, Note 3 and Note 7 to the consolidated financial statements.

Cash and Cash Equivalents

Why the Matter is a Key Audit Matter

Cash and cash equivalents held by the Group at year end make up 69% of its total assets. While we do not consider cash and cash equivalents to be at high risk of significant misstatement, due to their materiality in the context of the consolidated financial statements as a whole and the fact that certain payments completed through one of the Company's payment modules can be made with the authorization of only one individual, this is one of the areas which was of most significance to the audit and allocation of resources in planning and completing our audit.

How the Key Audit Matter was Addressed in the Audit

In responding to the key audit matter, we performed the following audit procedures:

- Agreeing material cash and cash equivalents balances to independent confirmations and statements of account obtained directly from the financial institutions at which the Group maintains its accounts; and
- Reviewing the payments made through the Group's payment module that only requires single authorization to ensure they are made for valid business expenses.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Hilda Leung.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
March 17, 2023**

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at December 31	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 9,489,788	\$ 5,005,708
Accounts receivable (Note 4)	382,229	659,149
Prepaid expenses	602,201	40,920
Investments (Note 5)	607,290	4,533,864
Mineral exploration tax credits recoverable	157,787	157,787
	11,239,295	10,397,428
Reclamation bonds (Note 12)	127,778	127,778
Property and equipment (Note 6)	1,489,622	1,399,822
Exploration and evaluation assets (Note 7)	1,485,929	505,474
	\$14,342,624	\$12,430,502
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 276,511	\$ 440,070
Prepaid deposits	1,374,757	355,742
Reclamation deposits (Note 12)	56,269	68,172
Premium on flow-through shares (Note 12)	9,129	-
Current portion of lease liabilities (Note 8)	9,313	24,689
	1,725,979	888,673
Long-term liabilities		
Lease liabilities (Note 8)	-	9,284
	1,725,979	897,957
Shareholders' equity		
Share capital (Note 9)	25,997,868	24,638,820
Contributed surplus (Note 9)	5,037,220	4,743,711
Deficit	(18,418,443)	(17,849,986)
	12,616,645	11,532,545
	\$14,342,624	\$12,430,502

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 12)

Subsequent events (Note 18)

On behalf of the Board:

"Timothy J Termuende" Director
Mr. Timothy J. Termuende (Signed)

"Glen J Diduck" Director
Mr. Glen J. Diduck (Signed)

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian dollars)

For the years ended December 31	2022	2021
Revenue		
Geological services (Note 15)	\$17,315,322	\$12,502,136
Cost and expenses of operations		
Services	13,545,594	9,094,720
Depreciation (Note 6)	158,081	133,047
Salaries and subcontractors	1,590,915	1,543,653
	<u>(15,294,590)</u>	<u>(10,771,420)</u>
Gross profit	<u>2,020,732</u>	<u>1,730,716</u>
Operating expenses		
Administration costs (Notes 8 and 11)	1,494,216	1,142,744
Professional fees (Note 11)	345,114	91,213
Public company costs	41,946	33,163
Trade shows, travel and promotion	313,184	159,380
	<u>(2,194,460)</u>	<u>(1,426,500)</u>
Other expenses		
Bad debts (recovery)	2,491	(105)
Depreciation (Note 6)	50,355	42,109
Share-based payments (Notes 9 and 11)	393,538	17,240
Write down of exploration and evaluation assets (Note 7)	245,052	819,031
	<u>(691,436)</u>	<u>(878,275)</u>
Loss before other items	<u>(865,164)</u>	<u>(574,059)</u>
Other items		
Option proceeds in excess of carrying value (Note 7)	255,117	405,000
Other income	266,249	671,792
Investment income	75,127	9,396
Premium on flow-through shares (Note 12)	142,292	24,253
Gain on disposal of property and equipment	107,724	6,702
Gain on investments (Note 5)	1,866,218	112,156
Unrealized gain (loss) on investments (Note 5)	(2,416,020)	230,030
	<u>296,707</u>	<u>1,459,329</u>
Comprehensive income (loss) for the year	<u>\$ (568,457)</u>	<u>\$ 885,270</u>
Earnings (loss) per share - basic and diluted (Note 10)	\$(0.01)	\$0.01
Weighted average number of shares outstanding - basic and diluted (Note 10)	106,399,938	99,906,217

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

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

For the years ended December 31	2022	2021
Cash flows from operating activities		
Income (loss) for the year	\$(568,457)	\$885,270
Adjustment for:		
Bad debts (recovery)	2,491	(105)
Depreciation	208,436	175,156
Share-based payments	393,538	17,240
Gain on investments	(1,866,218)	(112,156)
Gain on disposal of property and equipment	(107,724)	(6,702)
Unrealized loss (gain) on investments	2,416,020	(230,030)
Investment income	-	(107)
Option proceeds in excess of carrying value	(255,117)	(405,000)
Gain on sale of claims/royalty	(41,654)	(456,802)
Write down of exploration and evaluation assets	245,052	819,031
Premium on flow-through shares	(142,292)	(24,253)
Gain on debt forgiveness	(75,125)	-
Interest accretion	478	923
	<u>209,428</u>	<u>662,465</u>
Changes in non-cash working capital items		
(Increase) decrease in accounts receivable	274,429	(132,972)
Increase in prepaid expenses	(561,281)	(23,478)
Increase (decrease) in accounts payable and accrued liabilities	(146,998)	167,985
Increase in prepaid deposits	1,019,015	-
Increase (decrease) in reclamation deposits	(11,903)	56,782
	<u>782,690</u>	<u>730,782</u>
Cash flows from financing activities		
Proceeds from exercise of stock options	116,000	184,500
Proceeds from financing	1,287,080	-
Share issue costs	(3,640)	-
Lease payments	(25,138)	(27,607)
	<u>1,374,302</u>	<u>156,893</u>
Cash flows from investing activities		
Proceeds from sale of investments	3,485,022	182,008
Purchase of reclamation bonds	-	(41,000)
Redemption of reclamation bonds	-	12,618
Cash received for option payments and sale of claims	396,052	171,483
Exploration and evaluation assets expenditures	(1,363,474)	(815,559)
Proceeds from sale of property and equipment	148,000	7,000
Purchase of property and equipment	(338,512)	(235,238)
	<u>2,327,088</u>	<u>(718,688)</u>
Increase in cash and cash equivalents	4,484,080	168,987
Cash and cash equivalents, beginning of year	<u>5,005,708</u>	<u>4,836,721</u>
Cash and cash equivalents, end of year	\$9,489,788	\$5,005,708
Cash and cash equivalents comprise:		
Bank deposits	\$2,933,975	\$2,771,514
Term deposits	6,555,813	2,234,194
	<u>\$9,489,788</u>	<u>\$5,005,708</u>

The Company made no cash payments for income taxes.
The Company received cash payments of \$75,127 (2021 - \$9,396) for interest.
Supplemental Cash Flow Information (Note 14)

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

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital		Contributed Surplus	Deficit	Total
	Shares	Amount			
Balance, December 31, 2020	99,789,669	\$24,271,256	\$4,901,285	(\$18,735,256)	\$10,437,285
Shares issued on exercise of options	1,845,000	359,314	(174,814)	-	184,500
Shares issued for mineral property	50,000	8,250	-	-	8,250
Share-based payments	-	-	17,240	-	17,240
Income (loss) for the year	-	-	-	885,270	885,270
Balance, December 31, 2021	101,684,669	24,638,820	4,743,711	(17,849,986)	11,532,545
Shares issued for flow-through financing	7,571,058	1,287,080	-	-	1,287,080
Shares issued on exercise of options	1,160,000	216,029	(100,029)	-	116,000
Shares issued for mineral property	50,000	11,000	-	-	11,000
Premium on flow-through shares	-	(151,421)	-	-	(151,421)
Share issue costs	-	(3,640)	-	-	(3,640)
Share-based payments	-	-	393,538	-	393,538
Income (loss) for the year	-	-	-	(568,457)	(568,457)
Balance, December 31, 2022	110,465,727	\$25,997,868	\$5,037,220	(\$18,418,443)	\$12,616,645

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

December 31, 2022 and 2021

1. Nature and Continuance of Operations

Eagle Plains Resources Ltd. (the “Company” or “Eagle Plains” or “EPL”) was incorporated on March 30, 1994, pursuant to the Alberta Business Corporation Act (Alberta), and is extra provincially registered in the Yukon, British Columbia, the Northwest Territories and Saskatchewan. The Company is a junior resource company holding properties located in British Columbia, Yukon, the Northwest Territories and Saskatchewan for the purpose of exploring for, and the development of, mineral resources and it is considered to be in the exploration stage.

The Company also provides geological services on its properties optioned to others and properties owned by others through its subsidiary, TerraLogic Exploration Inc. (incorporated pursuant to the British Columbia Corporation Act). The gross profit reported on the consolidated statements of comprehensive income (loss) relates solely to geological services provided to third parties.

The Company’s corporate office and principal place of business is Suite 200, 44-12th Avenue South, Cranbrook, British Columbia, Canada.

These consolidated financial statements have been prepared on the basis that the Company is a going concern which envisions the Company will be able to realize assets and discharge liabilities in the normal course of operations. Recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and attain profitable production or proceeds from the disposition of the exploration and evaluation assets in excess of the carrying amount.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

These circumstances could have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company’s operations. The Company has been able to continue with business with minimal impact, but the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or future results of operations cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements for the Company for the years ending December 31, 2022 and 2021 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on March 17, 2023.

(b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss (“FVTPL”) which are stated at their fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

December 31, 2022 and 2021

2. Basis of Preparation - continued

(c) Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated 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. Financial results as determined by actual events could differ from these estimates.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates include the inputs used in accounting for share-based payments in profit or loss.

Areas of significant judgment include the assessment of impairment of exploration and evaluation assets.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements. The accounting policies have been applied consistently by the Company and its wholly owned subsidiaries. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Principles of consolidation Subsidiaries

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, TerraLogic Exploration Inc. ("TL") and Eagle Royalties Ltd. ("ER"). All significant intercompany balances and transactions have been eliminated for TL only in 2021 while 2022 results include both TL and ER, which was incorporated on January 25, 2022.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

c) Financial instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 requires financial assets to be classified into one of the following three measurement categories on initial recognition:

- Those measured a fair value through profit and loss ("FVTPL");
- Those measured at fair value through other comprehensive income ("FVOCI"); and
- Those measured at amortized cost.

Cash and cash equivalents and investments are recorded at FVTPL and accounts receivable, reclamation bonds, accounts payable and accrued liabilities and lease liabilities, initially recognized at fair value, are subsequently recorded at amortized cost using the effective interest rate method.

December 31, 2022 and 2021

3. Significant Accounting Policies - continued

c) Financial instruments - continued

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

d) Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company enters into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

Under IFRS 6 Exploration for and Evaluation of Mineral Resources, one or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- i. The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- ii. Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- iii. Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- iv. Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties. Any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Exploration and evaluation assets are classified as intangible assets.

December 31, 2022 and 2021

3. Significant Accounting Policies - continued

e) Leases

Effective January 1, 2019, the Company adopted all of the requirements of IFRS 16. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. A lessee presents interest expense on the lease liability separately from the depreciation charge for the right of use asset. Interest expense on the lease liability is a component of finance costs, which is presented separately in profit or loss.

f) Government grants and assistance

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and adjustments, if any, resulting from such a review are recorded in the period that the tax filings are amended.

g) Option agreements

Certain of the Company's activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The consolidated financial statements include the Company's interest in the assets, liabilities, revenues, expenses, and cash flows of this type of arrangement.

Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

h) Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items. The depreciation method, useful life and residual values are assessed annually.

Depreciation is determined using the declining balance method, using the rates below which approximate the estimated useful life of the asset:

Automotive	30% per annum
Building	4% per annum
Computer equipment	55% per annum
Computer software	100% per annum
Fence	10% per annum
Furniture and equipment	20% per annum

Depreciation for the right-of-use assets is recorded straight-line over the lease term of the leased assets.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income (loss).

December 31, 2022 and 2021

3. Significant Accounting Policies - continued

i) Investment property

The Company's real estate holdings, which include the head office building, do not meet the definition of an investment property under IAS 40 and are therefore included in property and equipment. Although a portion of the head office building is rented to third parties, under IAS 40, a portion of dual-use property is classified as investment property only if the portion could be sold or leased out separately under a finance lease. Otherwise, the entire property is classified as property and equipment unless only an "insignificant" portion is held for own use. Rental income is recorded as other income.

j) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in profit or loss in the statement of comprehensive income (loss) for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

k) Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations. Refer to note 12.

l) Revenue recognition

Revenue associated with the geological services provided by the Company is recognized when services are performed under an agreement with a customer, amount is known and collection of any resulting receivable is reasonably assured.

m) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

December 31, 2022 and 2021

3. Significant Accounting Policies - continued

n) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus. For those warrants that expire, the fair value remains in contributed surplus.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as an other liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the other liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting period is disclosed separately as flow-through share proceeds in Note 12, if any.

The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financing expense until qualifying expenditures are incurred.

o) Per share amounts

Basic earnings (loss) per common share are computed by dividing the net income (loss) for the year by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares.

The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted earnings (loss) per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

p) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss in the consolidated statement of comprehensive income (loss) over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made

December 31, 2022 and 2021

3. Significant Accounting Policies - continued

p) Share-based payments - continued

irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss in the consolidated statement of comprehensive income (loss) over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss in the consolidated statement of comprehensive income (loss), unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The fair value of the stock options that expire unexercised remains in contributed surplus.

q) New accounting pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting years beginning after January 1, 2022, or later years. Updates that are not applicable to the Company have been excluded in the preparation of these consolidated financial statements.

The Company has adopted these accounting standards effective January 1, 2022:

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). There was no significant impact to the consolidated financial statements as a result of the implementation of these amendments.

The following accounting standards and amendments are effective for future periods.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting years beginning on or after January 1, 2023. There will be no significant impact to the consolidated financial statements as a result of the future implementation of these amendments.

December 31, 2022 and 2021

3. Significant Accounting Policies - continued

q) New accounting pronouncements - continued

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. These amendments are effective for reporting periods beginning on or after January 1, 2023. There will be no significant impact to the consolidated financial statements as a result of the future implementation of these amendments.

4. Accounts Receivable

Accounts receivable is comprised of:

	December 31 2022	December 31 2021
Trade receivables before allowance	\$ 598,939	\$ 905,456
Less: allowance for doubtful accounts	(286,845)	(284,354)
Trade receivables, net	312,094	621,102
GST	11,008	-
Deficiency deposits	44,314	7,649
Other	14,813	30,398
	\$ 382,229	\$ 659,149

The Company has provided an allowance for lifetime expected credit losses based on the non-ability of certain customers to meet their obligations. The Company does not hold any collateral as security.

5. Investments

The Company holds investments that have been designated as FVTPL as follows:

	December 31, 2022		December 31, 2021	
	Market Value	Cost	Market Value	Cost
Current:				
Common shares in public companies	\$ 607,290	\$ 2,114,380	\$ 4,533,864	\$ 3,624,934

For securities traded in an active market, market value is based on the quoted closing bid prices of the securities at December 31, 2022. Cost is calculated using the quoted closing bid price on the date of receipt of the securities.

During the year, the Company received 2,750,000 (2021 – 5,068,169) shares for the various option and property purchase agreements in effect with an attributed value of \$108,250 (2021 - \$958,541).

During the year, the Company sold investments and received proceeds of \$3,485,022 (2021 - \$182,008), resulting in gains on disposal of \$1,866,218 (2021 - \$112,156).

The Company recorded unrealized (losses) gains on investments of (\$2,416,020) (2021 – \$230,030) in the year which is included in the consolidated statements of comprehensive income (loss).

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2022 and 2021

6. Property and Equipment

Cost	Land	Automotive	Right-of-Use Assets	Building	Computer Equipment & Software	Furniture & Equipment	Fence	Total
Balance at December 31, 2020	\$298,856	\$368,465	\$89,649	\$1,062,434	\$141,891	\$391,662	\$13,360	\$2,366,317
Additions	-	126,535	-	-	42,196	66,507	-	235,238
Disposals	-	(22,856)	-	-	-	-	-	(22,856)
Balance at December 31, 2021	298,856	472,144	89,649	1,062,434	184,087	458,169	13,360	2,578,699
Additions	-	267,591	-	-	51,129	19,792	-	338,512
Disposals	-	(162,523)	-	-	-	-	-	(162,523)
Balance at December 31, 2022	\$298,856	\$577,212	\$89,649	\$1,062,434	\$235,216	\$477,961	\$13,360	\$2,754,688

Accumulated Depreciation	Automotive	Right-of-Use Assets	Building	Computer Equipment & Software	Furniture & Equipment	Fence	Total
Balance at December 31, 2020	\$211,170	\$19,868	\$350,663	\$128,337	\$307,798	\$8,443	\$1,026,279
Depreciation	66,272	30,482	29,636	24,851	23,423	492	175,156
Disposals	(22,558)	-	-	-	-	-	(22,558)
Balance at December 31, 2021	254,884	50,350	380,299	153,188	331,221	8,935	1,178,877
Depreciation	81,167	30,196	28,333	40,830	27,467	443	208,436
Disposals	(122,247)	-	-	-	-	-	(122,247)
Balance at December 31, 2022	\$213,804	\$80,546	\$408,632	\$194,018	\$358,688	\$9,378	\$1,265,066

Carrying Value	Land	Automotive	Right-of-Use Assets	Building	Computer Equipment & Software	Furniture & Equipment	Fence	Total
At December 31, 2021	\$298,856	\$217,260	\$39,299	\$682,135	\$30,899	\$126,948	\$4,425	\$1,399,822
At December 31, 2022	\$298,856	\$363,408	\$9,103	\$653,802	\$41,198	\$119,273	\$3,982	\$1,489,622

December 31, 2022 and 2021

7. Exploration and Evaluation Assets

During the year ended December 31, 2022, the Company made acquisition and exploration expenditures of \$1,467,274 (2021 - \$910,912) and received option payments of \$454,658 (2021 - \$673,222). As a result of option payments received, the Company recorded in income, option proceeds in excess of carrying value of \$255,117 (2021 - \$405,000). A BCMETC claim of \$42,226 (2021 - \$157,825) is being claimed for the year. The Company wrote down exploration and evaluation assets of \$6,889 (2021 - \$819,031). Exploration and evaluation assets totaled \$1,724,092 at December 31, 2022, up from \$505,474 at December 31, 2021. See Schedule 1 – Exploration and evaluation assets and Schedule 2 – Acquisition and exploration additions.

The Company has interests in numerous optioned exploration projects. As at December 31, 2022, the Company has executed option agreements with third parties on the following projects:

Option Agreements - Third party earn in British Columbia

- (a) **Iron Range Project:** On May 5, 2020, the Company executed an option agreement with a private Alberta company (“AB”), whereby AB may earn up to an 80% interest in the Iron Range property located in south central British Columbia. Under the terms of the agreement, AB may earn a 60% interest (Phase I) by completing \$3,500,000 in exploration expenditures and making cash payments totalling \$250,000 to Eagle Plains over 5 years. AB retains the right to increase its interest to 80% by making a one-time cash payment of \$1,000,000 to Eagle Plains within 90 days of completion of Phase I. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Payments are due as follows:

Cash Payments	Exploration Expenditures	<u>Due Date</u>
\$ 5,000	\$ -	On signing of agreement May 4, 2020 (received)
15,000	150,000	May 4, 2021 (cash received/expenditures completed)
35,000	325,000	May 4, 2022 (cash received/expenditures completed)
50,000	650,000	May 4, 2023
65,000	1,000,000	May 4, 2024
80,000	1,375,000	May 4, 2025
<u>\$250,000</u>	<u>\$ 3,500,000</u>	

- (b) **Kalum Project:** On August 13, 2020, the Company executed an option agreement with Rex Resources Corp. (a private B.C. company) (“Rex”), whereby Rex may earn up to a 60% interest in the Kalum property located in northwestern British Columbia. Under the terms of the agreement, Rex may earn a 60% interest by completing \$3,000,000 in exploration expenditures, making cash payments totalling \$250,000 and issue 1,000,000 common shares to EPL over a three-year period. The agreement was amended December 21, 2022 whereby in consideration for an additional 100,000 shares, the December 31, 2022 payment date was extended to June 30, 2023. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Eagle Plains will retain a 2.0% NSR Royalty with Rex having the option to repurchase 1.0% of the NSR Royalty for \$1.0 million. Payments are due as follows:

Cash Payments	Share Payments	Expenditures	<u>Due Date</u>
\$ 10,000	-	\$ -	On execution of LOI (received)
15,000	-	-	On execution of agreement (received)
-	200,000	-	On Exchange approval of listing of shares (received)
-	-	100,000	December 31, 2020 (completed)
25,000	200,000	-	May 31, 2021 (received)
50,000	200,000	-	March 31, 2022 (received)
-	-	150,000	December 31, 2022 (completed)
75,000	300,000	-	June 30, 2023 (amended from December 31, 2022)
75,000	200,000	1,000,000	December 31, 2023
-	-	1,750,000	December 31, 2024
<u>\$ 250,000</u>	<u>1,100,000</u>	<u>\$ 3,000,000</u>	

December 31, 2022 and 2021

7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in - continued
British Columbia– continued

- (c) **Slocan Graphite Project:** On November 10, 2021, the Company executed a formal option agreement (regulatory approval received January 25, 2022) with Aben Resources Ltd. (“Aben”) whereby Aben holds the exclusive right to earn a 100% interest, less 2% Net Production Royalty (“NPR”) in the road-accessible Slocan Graphite Project located northwest of Castlegar, British Columbia. Under terms of the Agreement, Aben must complete \$1,000,000 in exploration expenditures, issue 850,000 common shares and make \$150,000 in cash payments to Eagle Plains over a three-year period. The agreement was amended January 13, 2023 whereby in consideration for an additional 350,000 shares, the December 31, 2022 payment date was extended to March 31, 2023. In addition, if at any time Aben or its successors report a resource of greater than 10Mt for tenures comprising the property, EPL will receive a one-time “Success Fee” of 500,000 Aben shares. Eagle Plains will retain a 2.0% NSR Royalty with Aben having the option to repurchase 1.0% of the NSR Royalty for \$1.0 million. Payments are due as follows:

Cash Payments	Share Payments	Expenditures	Due Date
\$ 30,000	100,000	\$ -	On Exchange approval (received)
25,000	500,000	-	March 31, 2023 (amended from December 31, 2022)
-	-	250,000	June 30, 2023
35,000	250,000	300,000	December 31, 2023
60,000	350,000	450,000	December 31, 2024
<u>\$ 150,000</u>	<u>1,200,000</u>	<u>\$ 1,000,000</u>	

- (d) **Dictator Project:** On June 1, 2022, the Company executed a formal option agreement (subject to regulatory approval) with Riverstick Resources Corp. (“Riverstick”) whereby Riverstick may earn an undivided 60% interest in the Dictator Project located southeast of Vernon, British Columbia. Under terms of the Agreement, Riverstick must complete \$1,500,000 in exploration expenditures, issue 1,000,000 common shares and make \$500,000 in cash payments to Eagle Plains over a five-year period. Upon exercise of the first option, Riverstick has the option to acquire an additional 15% interest in the property as provided for in the agreement. The agreement was amended December 21, 2022 whereby in consideration for an additional 100,000 shares, the December 31, 2022 payment date was extended to May 30, 2023. Eagle Plains will retain a 2.0% NSR Royalty with Riverstick having the option to repurchase 1.0% of the NSR Royalty for \$1.0 million. Payments are due as follows:

Cash Payments	Share Payments	Expenditures	Due Date
\$ 25,000	200,000	\$ -	The earlier of Exchange approval or May 30, 2023
-	-	100,000	1 st anniversary date
25,000	100,000	-	2 nd anniversary date
75,000	100,000	400,000	3 rd anniversary date
125,000	200,000	500,000	4 th anniversary date
250,000	500,000	500,000	5 th anniversary date
<u>\$ 500,000</u>	<u>1,100,000</u>	<u>\$ 1,500,000</u>	

- (e) **Donna Project:** On June 1, 2022, the Company executed a formal option agreement (subject to regulatory approval) with Annacotty Resources Corp. (a private BC company) (“Annacotty”) whereby Annacotty may earn an undivided 60% interest in the Donna Project located east of Vernon, British Columbia. Under terms of the Agreement, Annacotty must complete \$4,000,000 in exploration expenditures, issue 1,200,000 common shares and make \$520,000 in cash payments to Eagle Plains over a five-year period. The agreement was amended December 21, 2022 whereby in consideration for an additional 100,000 shares, the December 31, 2022 payment date was extended to May 30, 2023. Eagle Plains will retain a 2.0% NSR Royalty with Annacotty having the option to repurchase 1% of the NSR Royalty for \$1.0 million. Payments are due as follows:

December 31, 2022 and 2021

7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in - continued
British Columbia– continued

(e) Donna Project – continued

Cash Payments	Share Payments	Expenditures	Due Date
\$ 35,000	200,000	\$ -	The earlier of Exchange approval or May 30, 2023
-	-	100,000	1 st anniversary date
35,000	150,000	-	2 nd anniversary date
75,000	200,000	400,000	3 rd anniversary date
125,000	250,000	1,000,000	4 th anniversary date
250,000	500,000	2,500,000	5 th anniversary date
<u>\$ 520,000</u>	<u>1,300,000</u>	<u>\$ 4,000,000</u>	

Saskatchewan

(f) **Cathro Project:** On February 10, 2020, the Company executed an agreement with SKRR Exploration Inc. (“SKRR”) whereby SKRR has the exclusive right to acquire from Eagle Plains a 100% interest in the Cathro gold exploration project located approximately 50km northeast of La Ronge, Saskatchewan. Under terms of the option agreement, SKRR may acquire a 100% interest in the Project by making a cash payment of \$4,000 and transferring to EPL an initial 250,000 shares in the capital of SKRR to Eagle Plains on receipt of regulatory approval (received). SKRR has agreed to make additional share payments to EPL of 650,000 shares over a 4-year period. Eagle Plains will retain a 2.0% NSR Royalty with SKRR having the option to repurchase 1.0% of the NSR Royalty for \$1.0 million. Payments are due as follows:

Cash Payments	Share Payments	Due Date
\$ 4,000	250,000	On Exchange acceptance (received)
-	250,000	February 13, 2021 (received)
-	100,000	February 13, 2022 (received)
-	100,000	February 13, 2023 (received after year end)
-	100,000	February 13, 2024 (received after year end)
-	100,000	February 13, 2025 (received after year end)
<u>\$ 4,000</u>	<u>900,000</u>	

(g) **Knife Lake Project:** On October 31, 2018, Eagle Plains and Rockridge Resources Ltd. (“Rockridge”) entered into an option agreement whereby Rockridge may earn a 100% interest in Eagle Plains’ 100%-owned Knife Lake Project, located northwest of the community of Sandy Bay, Saskatchewan. To earn a 100% interest, Rockridge has agreed to make a cash payment to Eagle Plains of \$150,000, issue 5,250,000 common shares of Rockridge and complete \$3,250,000 in exploration expenditures over four years. On August 12, 2020, the Company extended the due date on the second anniversary exploration expenditures and received 300,000 shares from Rockridge as consideration. Eagle Plains will retain a 2.5% NSR Royalty on certain claims which comprise the project (a third party holds a 1% NSR Royalty on certain claims on the project). Rockridge may purchase 1.5% of the NSR Royalty for \$2,000,000. Rockridge has completed all cash payments, share issuances and exploration expenditure commitments to earn a 100% interest in the property.

Cash Payments	Share Payments	Expenditures	Due Date
\$ 150,000	2,000,000	\$ -	On Exchange acceptance (received)
-	750,000	750,000	January 2, 2020 (received /expended)
-	300,000	-	Amendment August 12, 2020 (received)
-	750,000	-	January 2, 2021 (received)

December 31, 2022 and 2021

7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in - continued
Saskatchewan – continued

(g) Knife Lake Project – continued

Cash Payments	Share Payments	Expenditures	Due Date
-	-	750,000	July 2, 2021 (expended)
-	750,000	750,000	January 2, 2022 (received/expended)
-	1,000,000	1,000,000	January 2, 2023 (received/expended)
<u>\$ 150,000</u>	<u>5,550,000</u>	<u>\$ 3,250,000</u>	

(h) **Olson Project:** On October 24, 2019, the Company executed an option agreement with SKRR whereby SKRR may earn up to a 75% interest in the Olson property located east of La Ronge, northern Saskatchewan. Under terms of the agreement, SKRR may earn 51% interest in the property by completing exploration expenditures of \$1,500,000, making cash payments of \$250,000 and issuing 800,000 voting class common shares to EPL over a 3-year period. SKRR may earn up to an additional 24% interest (75% total) in the property by making additional exploration expenditures of \$1,500,000 and issuing 200,000 common shares of SKRR (received after year end) to Eagle Plains on or before December 31, 2023. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. Payments for the initial 51% interest are due as follows:

Cash Payments	Share Payments	Expenditures	Due Date
\$ 10,000	-	\$ -	On signing of LOI (received)
20,000	200,000	-	Upon TSXV approval – January 21, 2020 (received)
40,000	200,000	200,000	December 31, 2020 (received/completed)
80,000	200,000	500,000	December 31, 2021 (received/completed)
100,000	200,000	800,000	December 31, 2022 (received after year end)
<u>\$ 250,000</u>	<u>800,000</u>	<u>\$ 1,500,000</u>	

(i) **Pine Channel Project:** On May 11, 2021, the Company and Tri Capital Opportunities Corp. (subsequently renamed Apogee Minerals Ltd.) (“APO”) executed a formal option agreement whereby APO may acquire up to an 80% interest in EPL’s 100%-owned Pine Channel project located west of Stony Rapids, Saskatchewan. To earn an 80% interest in the property, APO will complete \$3,000,000 in exploration expenditures, issue 2,000,000 voting class common shares to Eagle Plains and make \$150,000 in cash payments over a 4-year period. EPL will retain a 2.0% NSR Royalty on the Property (subject to underlying royalties on certain areas of the Property), which royalty may be purchased by APO at any time for \$1,000,000. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. On January 24, 2023, the due dates of the exploration expenditure commitments were extended by one year and the Company received \$40,000 as consideration. Payments are as follows:

Cash Payments	Share Payments	Expenditures	Due Date
\$ 25,000	200,000	\$ -	On effective date – Dec 20, 2021 (received)
25,000	300,000	-	December 31, 2021 (received)
40,000	-	-	February 28, 2022 (received)
-	-	100,000	June 30, 2022 (expended)
-	300,000	-	December 31, 2022 (received after year end)
50,000	-	500,000	June 30, 2023 (cash amended from December 31, 2022)
50,000	500,000	-	December 31, 2023
-	-	800,000	June 30, 2024
-	700,000	-	December 31, 2024
-	-	1,600,000	June 30, 2025
<u>\$ 190,000</u>	<u>2,000,000</u>	<u>\$ 3,000,000</u>	

December 31, 2022 and 2021

7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in - continued
Saskatchewan – continued

- (j) **Schotts Lake Project:** On July 22, 2021, the Company executed an option agreement with Canter Capital Corp. (“Canter”) whereby Canter may earn up to a 60% interest in the Schott’s Lake copper-zinc property located in northern Saskatchewan. Under terms of the agreement, Canter may earn 60% interest in the property by completing \$5,000,000 in exploration expenditures, making cash payments of \$500,000 and issuing 1,000,000 voting class common shares to EPL over a 4-year period. A 2% NSR is reserved for Eagle Plains, which may be reduced to 1% upon payment by Canter of \$1,000,000. Upon completion of the terms of the option agreement a joint venture will be formed as defined in the agreement. On January 25, 2023, Canter notified the Company they were terminating the option agreement.

Cash Payments	Share Payments	Expenditures	Due Date
\$ 10,000	-	\$ -	On execution of LOI (received) Upon exchange acceptance or before December 20, 2021 (received)
20,000	150,000	-	July 31, 2022 (received/expended)
35,000	150,000	100,000	December 31, 2022
50,000	150,000	500,000	December 31, 2023
75,000	150,000	800,000	December 31, 2024
120,000	200,000	1,600,000	December 31, 2025
190,000	200,000	2,000,000	
<u>\$500,000</u>	<u>1,000,000</u>	<u>\$ 5,000,000</u>	

Other Agreements

- (k) **Dictator Project:** On September 29, 2020, Eagle Plains executed an option agreement with Aurum Vena Mineral Resources Corp. whereby EPL may earn up to a 100% interest in the Dictator (formerly Lightning Peak) property located south of the Donna project. Under the terms of the agreement, EPL will make exploration expenditures totalling \$150,000, cash payments of \$70,000 and share payments of 250,000 shares over a five-year period to earn its interest. A one percent NSR Royalty will be reserved for the vendor, which may be purchased by Eagle Plains for \$1,000,000. Payments are due as follows:

Cash Payments	Share Payments	Expenditures	Due Date
\$ 10,000	-	\$ -	On execution of agreement (paid)
-	50,000	-	Upon exchange acceptance (issued)
-	-	25,000	December 31, 2020 (completed)
15,000	50,000	50,000	December 31, 2021 (paid/completed)
15,000	50,000	75,000	December 31, 2022 (paid/partially completed)
15,000	50,000	-	December 31, 2023
15,000	50,000	-	December 31, 2024
<u>\$ 70,000</u>	<u>250,000</u>	<u>\$ 150,000</u>	

- (l) **Manson Bay Project:** On August 31, 2020, Eagle Plains executed a mineral claims acquisition agreement with SKRR whereby SKRR may purchase a 100% interest in the Manson Bay property located in Saskatchewan. Under the terms of the agreement, SKRR made a cash payment of \$10,000 and share payment of 750,000 shares to earn its interest. A 2% NSR Royalty will be reserved for the EPL, which may be purchased by SKRR for \$1,000,000. EPL will serve as operator of the property until December 31, 2022.

December 31, 2022 and 2021

8. Lease Liabilities and Right-of-Use Assets

The Company has lease liabilities and right-of-use (“ROU”) assets recognized. As at December 31, 2022, lease liabilities include truck leases and the ROU assets are depreciated over the term of the respective leases.

During the year, \$30,196 (2021 - \$30,482) was recorded as depreciation of the ROU assets and \$478 (2021 - \$923) was recorded as interest, included in administration costs.

The following schedule provides details of the lease liabilities at December 31, 2022 and 2021:

	December 31	December 31
	2022	2021
Lease payments due		
2022	\$ -	\$25,138
2023	9,392	9,425
Future lease payments	9,392	34,563
Less: imputed interest	(79)	(590)
	9,313	33,973
Current portion	(9,313)	(24,689)
	\$ -	\$ 9,284

9. Equity Instruments

(a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

(b) Issued and outstanding

At December 31, 2022, there were 110,465,727 (2021 – 101,684,669) shares outstanding.

- In the fourth quarter 2022, the Company issued 50,000 shares, valued at \$11,000, for the earn-in of a mineral property.
- In the third quarter 2022, the Company completed a flow-through financing, issuing 7,571,058 shares for proceeds of \$1,287,080.
- In the first quarter 2022, the Company issued 1,160,000 shares for the exercise of options, receiving proceeds of \$174,000, of which \$58,000 was payable to Taiga Gold Corp. per the 2018 Plan of Arrangement.
- In the fourth quarter 2021, the Company issued 50,000 shares, valued at \$8,250, for the earn-in of a mineral property.
- In the fourth quarter 2021, the Company issued 1,845,000 shares for the exercise of options, receiving proceeds of \$276,750, of which \$92,250 was payable to Taiga Gold Corp. per the 2018 Plan of Arrangement.

(c) Stock Option Plan

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

During the years ended December 31, 2022 and 2021, the Company had the following stock option activities:

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9. Equity Instruments – continued

(c) Stock Option Plan – continued

	Number of Options	Option Price per Share Range	Weighted Average Exercise Price
Balance, December 31, 2020	8,770,000	\$0.15 - \$0.20	\$0.18
Exercised	(1,845,000)	(0.15)	(0.15)
Cancelled	(205,000)	(0.15 – 0.20)	(0.18)
Balance, December 31, 2021	6,720,000	0.15 – 0.20	0.18
Granted	4,100,000	0.20	0.20
Exercised	(1,160,000)	(0.15)	(0.15)
Expired	(100,000)	(0.15)	(0.15)
Cancelled	(1,075,000)	(0.15 – 0.20)	(0.19)
Balance, December 31, 2022	8,485,000	\$0.15 - \$0.20	\$0.20

The weighted average share price was \$0.18 (2021 - \$0.16) when the stock options were exercised.

At December 31, 2022, the following table summarizes information about stock options outstanding:

Options Outstanding December 31, 2022	Exercise Price	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life
10,000	\$ 0.15	February 19, 2023 ¹	10,000	0.14 years
595,000	\$ 0.15	July 4, 2024	595,000	1.51 years
2,244,000	\$ 0.20	May 29, 2025	2,244,000	2.41 years
1,886,000	\$ 0.20	October 5, 2025	1,886,000	2.76 years
3,750,000	\$ 0.20	January 14, 2027	3,687,500	4.04 years
8,485,000			8,422,500	3.14 years

¹ Options subsequently expired unexercised at expiry date.

The weighted average remaining life of the outstanding stock options at December 31, 2022 is 3.14 years (2021 – 2.85 years).

(d) Share-based payments for share options

During the year ended December 31, 2022, \$393,538 (2021 – \$17,240) was recorded as share-based payments related to options issued and vested during the year. Compensation expense has been determined based on the estimated fair value of the options at the grant dates and amortized over the vesting year.

The Company granted 4,100,000 options in the year exercisable at \$0.20 with an expiry date of January 14, 2027.

The Company valued the options granted in the year using the Black-Scholes model and the following weighted average assumptions:

	2022
	Granted
Expected annual volatility	67.04%
Expected risk free rate	1.68%
Expected term	5 years
Expected dividends	-
Share price at date of grant	\$0.18
Exercise price	\$0.20

Expected volatility is estimated using the historical stock price of the Company.

(e) Warrants outstanding

During the years ended December 31, 2022 and 2021, the Company had the following warrant activities:

December 31, 2022 and 2021

9. Equity Instruments - continued

(e) Warrants outstanding - continued

	Number of Warrants	Exercise Price per Share Range
Balance, December 31, 2020 and December 31, 2021	5,960,000	\$0.30 - \$0.40
	Number of Warrants	Exercise Price per Share Range
Balance, December 31, 2021	5,960,000	\$0.30 - \$0.40
Issued	3,785,529	0.25
Expired	(4,434,000)	(0.40)
Balance, December 31, 2022	5,311,529	\$0.25 - \$0.30

At December 31, 2022, the following table summarizes information about warrants outstanding:

Warrants Outstanding December 31, 2022	Exercise Price	Expiry Date	Weighted Average Remaining Life
1,526,000 ⁽¹⁾	\$ 0.30	September 25, 2023	0.74 years
3,785,529	\$ 0.25	July 11, 2024	1.53 years
5,311,529			1.30 years

⁽¹⁾On September 1, 2022 the Company extended the warrants expiry date from September 25, 2022 to a revised date of September 25, 2023. All other terms remain unchanged.

(f) Financings

On July 11, 2022, the Company closed a non-brokered public offering. The financing was offered to arms-length and non-arm's length investors and was comprised of 7,571,058 flow-through units at a price of \$0.17 per unit for gross proceeds of \$1,287,080. Each unit consists of a flow-through common share and one-half non-flow-through common share purchase warrant, each whole warrant exercisable at \$0.25 for a 24-month period. The common share purchase warrants are subject to an accelerated expiry at the option of the Company if the published closing trade price of the common shares on the TSX Venture Exchange is greater than or equal to \$0.50 for any 20 consecutive trading days, in which event the holder may be given notice that the warrants will expire 30 days following the date of such notice. The common share purchase warrants may be exercised by the holder during the 30-day period between the notice and the expiration of the common share purchase warrants.

On issuance, the Company bifurcated the flow-through share into i) a flow-through share premium in the amount \$151,421, equal to the estimated premium investors pay for the flow-through feature, which is recognized as another liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the other liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

10. Per Share Amounts

The calculation of per share amounts have been calculated based on the weighted average number of shares outstanding during the year ended December 31, 2022 of 106,399,938 shares (2021 – 99,906,217). Options and warrants were excluded for 2022 as their effect on the calculation is anti-dilutive. The net effect of applying the treasury-stock method to the weighted average number of shares outstanding did not impact EPS significantly for 2021.

11. Related Party Transactions

The Company was involved in the following related party transactions during the year:

December 31, 2022 and 2021

11. Related Party Transactions - continued

- (a) The Company was related to Taiga Gold Corp. ("Taiga") through common directors until April 14, 2022. During the period the Company had the following transactions with the former related company:

	2022	2021
Administrative services provided by EPL	\$ 16,879	\$ 57,672
Costs reimbursed to EPL	\$ 15,258	\$ 24,678
Cost reimbursed to Taiga	\$ -	\$ (26,599)
Exploration services provided by EPL	\$ 44,486	\$ 1,843,739
Proceeds to Taiga from exercise of EPL options	\$ (58,000)	\$ (92,250)

- (b) Included in professional fees is \$6,280 (2021 - \$3,140) paid or accrued for legal fees to a law firm which a former director was a partner at the time of payment.

- (c) Compensation to key management personnel in the year:

	2022	2021
Administration costs		
Management fees	\$ 195,374	\$108,500
Wages and benefits	144,318	81,159
Director fees	-	22,500
Professional fees	88,000	50,000
Share-based payments	214,500	-
	\$ 642,192	\$262,159

- (d) Included in administration costs is \$195,374 (2021 - \$108,500) paid or accrued for management services to a company owned by a director and officer of the Company.

- (e) Included in administration costs is \$144,318 (2021 - \$81,159) paid or accrued for wages and benefits to a director and officer of the Company.

- (f) Included in professional fees is \$88,000 (2021 - \$50,000) paid or accrued for accounting services to a director and officer of the Company.

- (g) Director fees of \$nil (2021 - \$22,500) were paid to three directors of the Company.

- (h) The Company granted 2,200,000 (2021 - nil) options, with exercise prices of \$0.20 (2021 - \$nil) and expiry dates of January 14, 2027 (2021 - nil), to directors of the Company and recorded share-based payments of \$214,500 (2021 - \$nil).

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment unless otherwise specified.

12. Commitments and Contingencies

The Company has \$127,778 (2021 - \$127,778) held as project reclamation bonds in favor of regulatory authorities. The amount of the deposit is determined at the time the exploration program is planned and a notice of work is submitted to the regulatory authority. If the work is more extensive than previously planned, the amount of the deposit will be increased. When reclamation work is completed on a project to the satisfaction of the regulatory authority, the deposit is released to the Company. The company also holds project reclamation deposits collected from its customers in the amount \$56,269 (2021 - \$68,172) for their exploration properties.

The Company is party to an option agreement wherein it has a commitment to make option payments of \$15,000 cash and issue 50,000 shares per year over the next two years.

December 31, 2022 and 2021

12. Commitments and Contingencies - continued

The Company completed a flow-through financing in July 2022 receiving proceeds of \$1,287,080 and is committed to incur exploration expenditures of \$77,593 in 2023 (2022 - \$nil) to fulfill the renouncement requirements.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification. The Company has included in officers' management contracts a change of control clause that would entitle them to compensation of approximately twenty-four (24) months' salary should such an event occur.

13. Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Level 2 – inputs other than quoted prices included in 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 following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 9,489,788	\$ -	\$ -	\$ 9,489,788
Investments	\$ 607,290	\$ -	\$ -	\$ 607,290
<hr/>				
December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 5,005,708	\$ -	\$ -	\$ 5,005,708
Investments	\$ 4,533,864	\$ -	\$ -	\$ 4,533,864

As disclosed in Note 3(c), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations exposes the Company to concentration risk, credit risk, currency risk, price risk and commodity price risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

a) Concentration risk

At December 31, 2022 and 2021, substantially all of the Company's cash and cash equivalents was held at two recognized Canadian National financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies involved in gold exploration.

b) Credit risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness.

December 31, 2022 and 2021

13. Financial Instruments - continued

b) Credit risk (continued)

The maximum credit exposure associated with accounts receivable is the carrying value on the consolidated statement of financial position.

The Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit loss at each reporting date. Lifetime expected credit loss is calculated based on management assessment of the historical credit loss experience, adjusted for forward looking factors specific to the individual debtors as well as the overall economic environment, if applicable. A full allowance specifically is provided when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the counterparty to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

c) Currency risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At December 31, 2022, the Company had cash of \$6,163 (2021 - \$7,348) in US\$. The Company is not exposed to significant currency risk.

d) Price risk

The Company's investments designated as FVTPL are traded on the TSX Venture, TSE and CSE. A 1% change in the cumulative quoted share price would change the fair value of the investments by approximately \$6,000 (2021 - \$45,000). The change would be recorded in profit or loss.

e) Commodity price risk

The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

f) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of December 31, 2022 equal \$342,094. \$276,512 of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of December 31, 2022.

14. Supplemental Cash Flow Information

Non-cash investing and financing activities:

- (a) Pursuant to certain mineral property option agreements, the Company received 2,750,000 (2021 – 3,400,000) shares with an attributed value of \$108,250 (2021 - \$533,240).
- (b) Pursuant to certain mineral property option agreements, the Company issued 50,000 (2021 – 50,000) shares for the acquisition of a mineral property with an attributed value of \$11,000 (2021- \$8,250).
- (c) Pursuant to certain mineral property sale agreements, the Company received nil (2021 – 1,668,169) shares with an attributed value of \$nil (2021 - \$425,301).
- (d) Included in accounts payable and accrued liabilities is \$59,096 (2021 - \$532) related to exploration and evaluation assets.

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15. Disaggregation of revenue

The Company earns revenue from the performance of one type of service, being geological and exploration services. Further, its customers are exploration companies based in Canada.

16. Capital Management

The Company includes cash and cash equivalents and shareholders' equity, comprising of issued common shares, accumulated other comprehensive income (loss), contributed surplus and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2022 and 2021. The Company is not subject to externally imposed capital requirements.

17. Income Taxes

As of December 31, 2022 and 2021, the effective tax rate of income varies from the statutory rate as follows:

	2022	2021
Income (loss) before income taxes	\$(568,457)	\$885,270
Statutory tax rates	27.0%	27.0%
Tax expense (recovery) at statutory rate	(153,000)	239,000
Non-deductible expenses/(non taxable income)	146,000	(47,400)
Tax benefits (recognized) unrecognized	7,000	(191,600)
Deferred income tax recovery	\$ -	\$ -

The components of the Company's deferred income tax asset (liability) are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of deferred income tax asset	2022	2021
Property and equipment	\$ (7,000)	\$ 25,000
Exploration and evaluation assets	987,000	1,235,000
Investments and other	318,000	(9,000)
Non-capital tax losses	141,000	334,000
Capital tax losses	39,000	191,000
Deferred income tax assets	1,478,000	1,776,000
Unrecognized deferred tax assets	(1,478,000)	(1,776,000)
Deferred income tax liability	\$ -	\$ -

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17. Income Taxes - continued

As of December 31, 2022, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future taxable income at rates prescribed by the Canadian Income Tax Act:

	<u>2022</u>	<u>2021</u>
Undepreciated capital cost	\$ 1,136,000	\$ 1,156,000
Non-capital tax losses	524,000	1,236,000
Capital tax losses	287,000	1,422,000
Cumulative Canadian exploration and development expenses	<u>5,416,000</u>	<u>5,291,000</u>
	<u>\$ 7,363,000</u>	<u>\$ 9,105,000</u>

At December 31, 2022 the non-capital tax losses of \$524,000 (2021 - \$1,236,000) available for carry-forward to reduce future years' taxable income, expiring:

\$ 306,000	expires 2038
<u>218,000</u>	expires 2042
<u>\$524,000</u>	

18. Subsequent Events

On January 6, 2023, the Company granted 2,487,000 stock options with exercise prices of \$0.24 and expiring January 6, 2028.

On January 26, 2023, Eagle Plains and Canter Resources Corp. executed a formal option agreement whereby Canter holds the exclusive right to earn a 60% interest in EPL's 100%-owned Puzzle Lake project by completing \$3,000,000 in exploration expenditures, making \$250,000 in cash payments and issuing 1,000,000 common shares to Eagle Plains over a four-year period.

On January 25, 2023, Canter Resources Corp. notified the Company that it is terminating the option agreement on the Schotts Lake property.

On February 19, 2023, 10,000 stock options expired.

Subsequent to the year end, the Company received 1,100,000 shares and \$100,000 in cash pursuant to various option agreements.

On February 28, 2023, Eagle Plains entered into the following agreements:

- an arrangement agreement (the "Arrangement Agreement") between Eagle Plains and its wholly owned subsidiary, ER, pursuant to which Eagle Plains will, through a series of transactions, transfer a majority of its portfolio of royalty interests (the "Royalties") and cash of approximately \$104,000 to ER (the "Spin-out Transaction"); and
- an amalgamation agreement (the "Amalgamation Agreement") among Eagle Plains, ER and 1386884 BC Ltd. ("138"), pursuant to which 138 and ER will, immediately following the Spin-out Transaction, amalgamate and continue as one company (the "Resulting Issuer") under the name "Eagle Royalties Ltd." (the "Combination Transaction").

The Spin-out Transaction and the Combination Transaction are collectively referred to herein as the "Transaction".

Pursuant to the Spin-out Transaction, ER plans to issue an aggregate of approximately 42 million common shares of the Company (the "Spinco Shares"). Of the total Spinco Shares so issued, it is expected that approximately 5.2 million Spinco Shares will be distributed to the Eagle Plains and the remaining Spinco Shares (i.e., approximately 36.8 million) will be distributed to shareholders of the Eagle Plains on a 1:3 basis.

December 31, 2022 and 2021

18. Subsequent Events - continued

Concurrent with the Transaction, 138 will complete a private placement financing (the "Concurrent Financing") raising gross proceeds of approximately \$3,000,000 through the issuance of common shares, units or subscription receipts, as the case may be at a price of \$0.30 per security. In connection with the Concurrent Financing, 138 may: (i) pay agent commissions in cash of up to 7% of the gross proceed raised from the Concurrent Financing; and (ii) issue broker's warrants, equivalent to 7% of the 138's securities sold through the Concurrent Financing.

Pursuant to the Combination Transaction, ER and 138 will amalgamate, and its respective share capital will be completed on 1:1 basis. Following the completion of the Combination Transaction, the Resulting Issuer will make an application for the listing of its common shares on the Canadian Securities Exchange.

The Arrangement Agreement and the Amalgamation Agreement contain customary representations and warranties made by each of the parties to such agreements and also contain customary covenants.

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Schedule 1 - Exploration and evaluation assets

	December 31 2021	Acquisition and Exploration	Grants, Option Payments & Mineral Tax Credits	Option proceeds in excess of carrying value	Write down of mineral properties	December 31 2022
British Columbia	\$198,405	\$1,328,280	\$(245,134)	\$82,017	\$ -	\$1,363,568
NW Territories	183	5,235	-	-	(5,410)	8
Saskatchewan	304,746	132,041	(251,750)	173,100	(235,794)	122,343
Yukon Territory	2,140	1,718	-	-	(3,848)	10
	<u>\$505,474</u>	<u>\$1,467,274</u>	<u>\$(496,884)</u>	<u>\$255,117</u>	<u>\$(245,052)</u>	<u>\$1,485,929</u>

	December 31 2020	Acquisition and Exploration	Grants, Option Payments & Mineral Tax Credits	Option proceeds in excess of carrying value	Write down of mineral properties	December 31 2021
British Columbia	\$635,955	\$677,315	\$(394,065)	\$ 85,000	\$(805,800)	\$198,405
NW Territories	183	-	-	-	-	183
Saskatchewan	201,362	233,597	(436,982)	320,000	(13,231)	304,746
Yukon Territory	2,140	-	-	-	-	2,140
	<u>\$839,640</u>	<u>\$910,912</u>	<u>\$(831,047)</u>	<u>\$405,000</u>	<u>\$(819,031)</u>	<u>\$505,474</u>

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Schedule 2 – Acquisition and exploration additions

January – December 2022	British Columbia	Saskatchewan	NWT	Yukon	Total
Analytical	\$ 89,156	\$ 24,577	\$ -	\$ -	\$ 113,733
Environment and consultations	575	4,479	5,235	-	10,289
Drilling	449,480	-	-	-	449,480
Equipment rental	17,644	532	-	-	18,176
Geological and geochemical	11,211	1,094	-	796	13,101
Geophysical	79,386	34,000	-	-	113,386
Labour	186,817	33,380	-	-	220,197
Travel and camp	102,217	7,874	-	-	110,091
Transportation	276,467	21,543	-	-	298,010
Tenure and acquisitions	115,327	4,562	-	922	120,811
	\$1,328,080	\$132,041	\$5,235	\$1,718	\$1,467,274

January – December 2021	British Columbia	Saskatchewan	Total
Analytical	\$ 100,335	\$ 2,015	\$ 102,350
Consultations	-	396	396
Drilling	183,092	-	183,092
Equipment rental	7,207	1,970	9,177
Geological and geochemical	12,754	820	13,574
Geophysical	94,535	120,664	215,199
Labour	158,063	31,008	189,071
Travel and camp	62,183	12,906	75,089
Transportation	14,021	76,059	90,080
Tenure and acquisitions	45,125	(12,241)	32,884
	\$677,315	\$233,597	\$910,912