FINANCIAL STATEMENTS OF
PROBE METALS INC.
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

MNP LLP

To the Shareholders of Probe Metals Inc.:

Opinion

We have audited the financial statements of Probe Metals Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and December 31, 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the 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.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis 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. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company’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 Company’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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 Brock Stroud.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 7, 2022

MNP

Probe Metals Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

As at December 31,	2021	2020
ASSETS		
Current assets		
Cash	$ 28,866,655	$ 30,739,058
Trade accounts receivable and other receivables (note 5)	840,786	827,983
Marketable securities (note 6)	3,846,656	3,823,240
Prepaid expenses	66,481	105,252
Income tax receivable	-	862,322
Total current assets	33,620,578	36,357,855
Non-current assets		
Reclamation bonds (note 7)	413,050	413,050
Property and equipment (note 8)	529,491	588,870
Rights-of-use assets (note 9)	313,016	186,239
Total non-current assets	1,255,557	1,188,159
Total assets	$ 34,876,135	$ 37,546,014
LIABILITIES AND EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 10 and 20)	$ 1,299,189	$ 981,051
Current portion of lease liability (note 11)	121,040	60,196
RSU liability (note 16)	568,649	-
Flow-through share liability (note 12)	-	3,954,139
Total current liabilities	1,988,878	4,995,386
Non-current liabilities		
Lease liability (note 11)	276,058	203,553
Restoration liabilities (note 7)	1,630,651	889,239
Total non-current liabilities	1,906,709	1,092,792
Total liabilities	3,895,587	6,088,178
Equity		
Share capital (note 13)	122,578,430	106,772,946
Warrants (note 14)	1,074,738	2,281,758
Contributed surplus (notes 15 and 16)	6,942,813	9,222,400
Accumulated deficit	(99,615,433)	(86,819,268)
Total equity	30,980,548	31,457,836
Total liabilities and equity	$ 34,876,135	$ 37,546,014

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

Nature of operations (note 1)
Subsequent events (note 23)

Approved on behalf of the Board:

"David Palmer", Director

"Gordon McCreary", Director

Probe Metals Inc.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Operating expenses		
Exploration and evaluation expenditures (note 18)	**$ 11,299,791**	$ 14,663,612
General and administrative expenses (note 19)	**6,036,102**	5,559,055
Operating loss before interest and other income, accretion expense, premium on flow-through shares, realized gain on sale of marketable securities, and unrealized loss on marketable securities	**(17,335,893)**	(20,222,667)
Interest and other income	**180,999**	318,957
Accretion expense (notes 7 and 11)	**(747,160)**	(131,746)
Premium on flow-through shares (note 12)	**3,954,139**	5,203,861
Realized gain on sale of marketable securities (note 6)	**2,871,131**	361,963
Unrealized loss on marketable securities (note 6)	**(1,696,736)**	(145,731)
Loss and comprehensive loss for the year	**$(12,773,520)**	$(14,615,363)
Basic and diluted loss per share (note 17)	**$ (0.10)**	$ (0.12)
Weighted average number of common shares outstanding - basic and diluted	**131,754,108**	125,102,805

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

Probe Metals Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Operating activities:		
Net loss for the year	**$ (12,773,520)**	$ (14,615,363)
Adjustments for:		
Share-based payments (notes 15 and 16)	**2,693,032**	3,046,417
Depreciation (notes 8 and 9)	**162,814**	144,828
Accrued interest receivable	**14,431**	16,490
Realized gain on sale of marketable securities (note 6)	**(2,871,131)**	(361,963)
Shares issued to acquire mineral property (note 13(b)(i)(ii)(iii)(v))	**55,976**	1,556,316
Unrealized loss on marketable securities (note 6)	**1,696,736**	145,731
Premium on flow-through share (note 12)	**(3,954,139)**	(5,203,861)
Accretion expense (notes 7 and 11)	**747,160**	131,746
Restoration fees (note 7)	**98,246**	879,758
Changes in non-cash working capital items:		
Trade accounts receivable and other receivables	**(27,231)**	(277,471)
Prepaid expenses	**38,771**	(33,692)
Income tax receivable	**862,322**	140,988
Amounts payable and other liabilities	**318,138**	(79,440)
Net cash used in operating activities	**(12,938,395)**	(14,509,516)
Investing activities:		
Proceeds from sale of marketable securities (note 6)	**1,150,979**	1,028,563
Purchase of property and equipment (note 8)	**(34,441)**	(146,938)
Purchase of reclamation bonds (note 7)	**-**	(413,050)
Net cash provided by investing activities	**1,116,538**	468,575
Financing activities:		
Cash paid for RSUs (note 16)	**(873,705)**	-
Proceeds from private placements (note 13(b)(iv))	**-**	10,040,000
Share issue costs	**-**	(648,209)
Exercise of warrants	**6,984,575**	4,550
Exercise of stock options	**4,005,000**	846,000
Lease payments (note 11)	**(166,416)**	(159,490)
Net cash provided by financing activities	**9,949,454**	10,082,851
Net change in cash	**(1,872,403)**	(3,958,090)
Cash, beginning of year	**30,739,058**	34,697,148
Cash, end of year	**$ 28,866,655**	$ 30,739,058
Supplemental cash flow information		
Cash received for interest	**$ 183,061**	$ 362,814

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

Probe Metals Inc.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

Equity attributable to shareholders

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Total
Balance, December 31, 2019	**$ 98,195,843**	**$ 3,689,463**	**$ 7,084,983**	**$ (74,768,684)**	**$ 34,201,605**
Shares issued to acquire mineral property (note 13(b)(i)(ii)(iii))	1,556,316	-	-	-	1,556,316
Private placement (note 13(b)(iv))	10,040,000	-	-	-	10,040,000
Warrants (note 13(b)(iv))	(1,074,739)	1,074,739	-	-	-
Share issue costs	(648,209)	-	-	-	(648,209)
Flow-through share premium (note 12(ii))	(3,000,000)	-	-	-	(3,000,000)
RSUs vested (note 16)	29,822	-	(29,822)	-	-
Exercise of warrants	5,330	(780)	-	-	4,550
Exercise of stock options	1,668,583	-	(796,063)	-	872,520
Stock options expired	-	-	(83,115)	83,115	-
Warrants expired	-	(2,481,664)	-	2,481,664	-
Share-based payments (notes 15 and 16)	-	-	3,046,417	-	3,046,417
Loss and comprehensive loss	-	-	-	(14,615,363)	(14,615,363)
Balance, December 31, 2020	**106,772,946**	**2,281,758**	**9,222,400**	**(86,819,268)**	**31,457,836**
Shares issued to acquire mineral property (note 13(b)(v))	55,976	-	-	-	55,976
Warrants expired	-	(9,971)	-	9,971	-
RSUs vested (note 16)	378,810	-	(378,810)	-	-
RSUs reclassified to liability (note 16)	-	-	(829,459)	(256,243)	(1,085,702)
Exercise of warrants	8,181,624	(1,197,049)	-	-	6,984,575
Exercise of stock options	7,189,074	-	(3,184,074)	-	4,005,000
Stock options expired	-	-	(223,627)	223,627	-
Share-based payments (notes 15 and 16)	-	-	2,336,383	-	2,336,383
Loss and comprehensive loss	-	-	-	(12,773,520)	(12,773,520)
Balance, December 31, 2021	**$122,578,430**	**$ 1,074,738**	**$ 6,942,813**	**$ (99,615,433)**	**$ 30,980,548**

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

1. Nature of Operations

Probe Metals Inc. (the "Company" or "Probe Metals") was incorporated pursuant to the *Business Corporations Act* (Ontario) under the name "2450260 Ontario Inc." on January 16, 2015. Articles of amendment were subsequently filed on February 3, 2015 to change the name of the Company to "Probe Metals Inc.". The Company's head office is located at 56 Temperance Street, Suite 1000, Toronto, Ontario, Canada, M5H 3V5. The Company's common shares started trading on the TSX Venture Exchange ("TSXV") on March 17, 2015 under the trading ticker symbol "PRB". The Company, a Canadian precious metal exploration company, was formed following the acquisition of Probe Mines Limited by Goldcorp Inc. pursuant to the arrangement announced on January 19, 2015.

Probe Metals is a leading Canadian gold exploration company focused on the acquisition, exploration and development of highly prospective gold properties. The Company is committed to discovering and developing high-quality gold projects, including its key asset the multimillion-ounce Val-d'Or East Gold Project, Québec. The Company is well-funded and controls a strategic land package of approximately 1,500-square-kilometres of exploration ground within some of the most prolific gold belts in Québec.

The financial year end of the Company is December 31st.

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. During the year ended December 31, 2021, the Company has taken a number of measures to safeguard the health of its employees and their local communities while continuing to operate safely and responsibly. To date, our operations have remained stable as the pandemic continues to progress and evolve but it is difficult to predict the full extent and duration of resulting operational and economic impacts for the Company, which are expected to impact a number of reporting periods. This uncertainty impacts judgements made by the Company, including those relating to determining the recoverable values of the Company's non-current assets.

2. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the IFRS Interpretations Committee.

The financial statements are presented in Canadian dollars, the Company's functional currency, and have been prepared on a historical cost basis.

The financial statements were authorized for issue by the Board of Directors on April 7, 2022.

2. Significant Accounting Policies (Continued)

Financial Instruments

IFRS 9 - Financial Instruments ("IFRS 9") includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) based on the business model in which they are held and the characteristics of their contractual cash flows.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

2. Significant Accounting Policies (Continued)

Financial Instruments (continued)

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

The following table summarizes the classification under IFRS 9 for each financial instrument:

Financial instruments	Classification
Cash	Amortized cost
Trade accounts receivable and other receivables	Amortized cost
Marketable securities	FVTPL
Reclamation bonds	Amortized cost
Amounts payable and other liabilities	Amortized cost
RSU liability	FVTPL

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Marketable securities and RSU liability are classified as Level 1.

2. Significant Accounting Policies (Continued)

Property and Equipment

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

The cost of an item of property and equipment 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.

Depreciation is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Computer equipment	30%	Declining balance
Field equipment	30%	Declining balance
Site building	10%	Declining balance
Building	10%	Declining balance
Artwork	-	-

Artwork is not amortized since it does not have determinable useful life.

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the pre-tax time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss.

Assets that don't have a determinable useful life are not subject to amortization and are tested annually for impairment. None were noted for the current year.

Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

2. Significant Accounting Policies (Continued)

Leases (continued)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

The Company assess its exploration arrangements with other entities to determine if joint control, as defined in IFRS 11 - Joint Arrangements, exists over any other the projects.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

2. Significant Accounting Policies (Continued)

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. 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 a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a premium on flow-through shares to the statement of loss and comprehensive loss.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a 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 financial expense until paid.

Share-based Payment Transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Share-based payments incorporates an expected forfeiture rate of nil.

Restricted Stock Unit ("RSU")

Under the RSU Plan, selected employees are granted RSUs where each RSU has a value equal to one Probe Metals common share. RSUs are measured at fair value on the grant date. The fair value of RSUs are recognized as a charge to share-based payments as a general and administrative expense over the vesting period with a corresponding increase in equity. RSUs expected to settle in cash are reclassified as a liability and valued at market.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Refer to note 7.

2. Significant Accounting Policies (Continued)

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous periods.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net loss and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, options and RSUs outstanding that may add to the total number of common shares.

Business Combinations

Business combinations are accounted for using the acquisition method of accounting, whereby identifiable assets acquired and liabilities assumed are recorded at fair value as of the date of acquisition with the excess of the purchase price over such fair value recorded as goodwill. If a transaction does not meet the definition of a business combination as per IFRS standards, the transaction is recorded as an acquisition of an asset.

2. Significant Accounting Policies (Continued)

Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Assets' carrying values and impairment charges: In the determination of carrying values and impairment charges, management looks at the higher of: recoverable amount; fair value less costs to sell in the case of assets; and significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.
- Restoration, rehabilitation and environmental obligations: Restoration liabilities have been determined based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to liability on a quarterly basis. Actual rehabilitation costs will ultimately depend on the settlement amount for actual rehabilitation costs which will reflect the market condition at the time of costs are incurred. The final cost may be higher or lower than the currently recognized rehabilitation provisions.
- Management determines the fair value of warrants and stock options using the Black-Scholes option pricing model.

Critical accounting judgments

- Income taxes and recovery of deferred tax assets: The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretations and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.
- RSUs: Judgments are made by management to determine whether the RSUs will be settled for cash or shares.

3. Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned exploration activities is uncertain and dependent upon securing additional financing.

The Company considers its capital to be equity which at December 31, 2021, totaled $30,980,548.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2021. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body and Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2021, the Company is compliant with Policy 2.5.

4. Financial Risk Management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. Trade accounts receivable and other receivables consist mainly of taxes recoverable. The Company has no significant concentration of credit risk arising from operations. The expected credit loss on the remaining receivables is minimal.

(ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had cash of $28,866,655, to settle current liabilities of $1,988,878. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

4. Financial Risk Management (Continued)

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and quoted prices.

(a) Interest rate risk

The Company has $28,866,655 cash balances and no interest-bearing debt and was not exposed to interest rate risk. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. As a result, the Company's exposure to interest rate risk is minimal.

(b) Foreign currency risk

The Company does not have any significant assets in currency other than the functional currency of the Company, nor has significant foreign currency denominated liabilities, therefore any changes in foreign exchange rates will not give rise to significant changes to the net loss.

(c) Price risk

The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company’s loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

Sensitivity analysis

The Company's marketable securities are denominated in Canadian dollars and are subject to fair value fluctuations. As at December 31, 2021, if the fair value of the Company's marketable securities had increased/decreased by 20% with all other variables held constant, profit and loss for the year ended December 31, 2021, would have been approximately $769,000 lower/higher. Similarly, as at December 31, 2021, the Company's reported shareholders' equity would have been approximately $769,000 higher/lower as a result of a 20% increase/decrease in marketable securities.

5. Trade Accounts Receivable and Other Receivables

As at December 31,	2021	2020
Sales tax receivable - (Canada)	**$ 782,107**	$ 753,222
Accrued interest receivable	**14,428**	16,490
Receivable from Midland Exploration Inc. ("Midland")	**44,251**	29,852
Receivable from stock options exercised	**-**	28,419
	$ 840,786	$ 827,983

(Expressed in Canadian Dollars)

6. Marketable Securities

December 31, 2021	Number of shares	Cost	Unrealized loss	Fair market value
Eldorado Gold Corp. ("Eldorado") (i)	228,450	$ 3,264,551	$ (573,410)	$ 2,691,141
GFG Resources Inc. ("GFG")	7,077,883	3,538,942	(2,583,427)	955,515
Opus One Resources Inc. ("Opus")	4,000,000	444,000	(244,000)	200,000
		$ 7,247,493	**$ (3,400,837)**	**$ 3,846,656**

December 31, 2020	Number of shares	Cost	Unrealized (loss) gain	Fair market value
GFG	7,077,883	$ 3,538,942	$ (2,335,702)	$ 1,203,240
Opus	4,400,000	488,400	(268,400)	220,000
QMX Gold Corporation ("QMX") (i)	15,000,000	1,500,000	900,000	2,400,000
		$ 5,527,342	**$ (1,704,102)**	**$ 3,823,240**

During the year ended December 31, 2021, the Company recorded an unrealized loss on marketable securities of $1,696,736 (year ended December 31, 2020 - unrealized loss of $145,731) in the statements of loss and comprehensive loss and recorded realized gain on marketable securities of $2,871,131 (year ended December 31, 2020 - realized gain of $361,963).

(i) During the year ended December 31, 2021, Eldorado completed the acquisition of QMX by way of a statutory plan of arrangement. Under the terms of the arrangement, each holder of QMX common shares was entitled to receive, for each QMX common share held immediately prior to the effective time, (i) $0.075 in cash and (ii) 0.01523 of a common share of Eldorado.

7. Reclamation Bonds and Restoration Liabilities

Reclamation Bonds

As at December 31,	2021	2020
Insurance bond - Monique Property	**$ 402,757**	$ 402,757
Insurance bond - Pascalis Property	**10,293**	10,293
Total reclamation bonds	**$ 413,050**	$ 413,050

Restoration Liabilities

	December 31, 2021	December 31, 2020
Val d'Or East Project (Monique Property) restoration liabilities		
Balance, beginning of year	**$ 878,946**	$ -
Additions during the year	**98,246**	869,465
Accretion	**643,166**	9,481
Balance, end of year	**$ 1,620,358**	$ 878,946
Val d'Or East Project (Pascalis Property) restoration liabilities		
Balance, beginning of year	**$ 10,293**	$ -
Additions during the year	**-**	10,293
Balance, end of year	**$ 10,293**	$ 10,293
Total restoration liabilities	**$ 1,630,651**	$ 889,239

(Expressed in Canadian Dollars)

7. Reclamation Bonds and Restoration Liabilities (Continued)

(i) On March 31, 2020, the Company acquired the Monique Property. With the acquisition, the Company also assumed the liabilities for the restoration and rehabilitation of the Monique Property mining site of $947,663.

As a result, Probe Metals now has a closure liability of $947,663 and purchased an insurance bond. The insurance bond with an insurance company amounts to $379,065 and the Company makes yearly payments of $23,692 towards the insurance bond for the closure liability.

In 2020, the present value of restoration liabilities relating to the Company's Monique Property was revalued at year end and was estimated at using risk-free interest rate of 1.31%, period of 15 years and inflation rate of 0.73%. For the year ended December 31, 2020, the impact on accretion expense in the statement of loss and comprehensive loss was $9,481.

In 2021, the present value of restoration liabilities relating to the Company's Monique Property was revalued at year end and was estimated at using risk-free interest rate of 1.68%, period of 14 years and inflation rate of 4.80%. For the year ended December 31, 2021, the impact on accretion expense in the statement of loss and comprehensive loss was $643,166. Included in accretion is $630,365 related to a present value adjustment.

The amounts are subject to measurement uncertainty with respect to estimated costs, the actual timing of reclamation, the inflation rate and the discount rates used.

(ii) On September 11, 2020, the Pascalis Property reclamation and environmental bond was posted by the Company to secure clean-up expenses as required by the Ministère de l’Energie et des Ressources Naturelles.

8. Property and Equipment

Cost	**Artwork**	**Computer equipment**	**Field equipment**	**Site building**	**Building**	**Total**
Balance, December 31, 2019	**$ 121,776**	**$ 70,284**	**$ 237,233**	**$ 15,833**	**$ 341,211**	**$ 786,337**
Additions	-	11,316	135,622	-	-	146,938
Balance, December 31, 2020	**121,776**	**81,600**	**372,855**	**15,833**	**341,211**	**933,275**
Additions	-	10,661	23,780	-	-	34,441
Balance, December 31, 2021	**$ 121,776**	**$ 92,261**	**$ 396,635**	**$ 15,833**	**$ 341,211**	**$ 967,716**

Accumulated depreciation	**Artwork**	**Computer equipment**	**Field equipment**	**Site building**	**Building**	**Total**
Balance, December 31, 2019	**$ -**	**$ 37,932**	**$ 136,353**	**$ 15,833**	**$ 75,191**	**$ 265,309**
Depreciation during the year	-	11,073	41,423	-	26,600	79,096
Balance, December 31, 2020	**-**	**49,005**	**177,776**	**15,833**	**101,791**	**344,405**
Depreciation during the year	-	10,461	59,418	-	23,941	93,820
Balance, December 31, 2021	**$ -**	**$ 59,466**	**$ 237,194**	**$ 15,833**	**$ 125,732**	**$ 438,225**

Carrying value	**Artwork**	**Computer equipment**	**Field equipment**	**Site building**	**Building**	**Total**
Balance, December 31, 2020	**$ 121,776**	**$ 32,595**	**$ 195,079**	**$ -**	**$ 239,420**	**$ 588,870**
Balance, December 31, 2021	**$ 121,776**	**$ 32,795**	**$ 159,441**	**$ -**	**$ 215,479**	**$ 529,491**

(Expressed in Canadian Dollars)

9. Rights-of-use Assets

	Building
Balance, December 31, 2019	**$ 251,971**
Depreciation	(65,732)
Balance, December 31, 2020	**186,239**
Additions	195,771
Depreciation	(68,994)
Balance, December 31, 2021	**$ 313,016**

Rights-of-use assets is depreciated over a 5 year term. Refer to note 11 for further details.

10. Amounts Payable and Other Liabilities

	As at December 31, 2021	As at December 31, 2020
Amounts payables	**$ 318,062**	$ 568,337
Accrued liabilities	**981,127**	412,714
	$ 1,299,189	$ 981,051

11. Lease Liabilities

(i) On November 1, 2018, the Company entered into a 5 year lease agreement to lease an office. The lease payments are $6,715 and $6,978 for months one to twenty-four and months twenty-five to sixty, respectively from the commencement date of the lease.

The Company has recorded this lease as a right-of-use asset (note 9) and lease liability in the statement of financial position as at December 31, 2018. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 18%, which is the Company's incremental borrowing rate. The continuity of the lease liability is presented in the table below:

(ii) On December 1, 2021, the Company entered into a 5 year lease agreement to lease an office. The lease payments are $4,555 per month.

The Company has recorded this lease as a right-of-use asset (note 9) and lease liability in the statement of financial position as at December 31, 2021. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 14%, which is the Company's incremental borrowing rate. The continuity of the lease liability is presented in the table below:

(Expressed in Canadian Dollars)

11. Lease Liabilities (Continued)

		Building
Balance, December 31, 2019	**$**	**300,974**
Accretion expense		122,265
Lease payments		(159,490)
Balance, December 31, 2020		**263,749**
Additions		195,771
Accretion expense		103,994
Lease payments		(166,416)
Balance, December 31, 2021	**$**	**397,098**

Lease maturity	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Building	$ 216,524	$ 189,547	$ 159,434	$ -	$ 565,505

12. Flow-Through Share Liability

The following is a continuity schedule of the liability of the flow-through shares issuance:

Balance, December 31, 2019	**$**	**6,158,000**
Liability incurred on flow-through shares issued (ii)		3,000,000
Settlement of flow-through share liability on incurring expenditures (i)(ii)		(5,203,861)
Balance, December 31, 2020		**3,954,139**
Settlement of flow-through share liability on incurring expenditures (i)(ii)		(3,954,139)
Balance, December 31, 2021	**$**	**-**

(i) The flow-through common shares issued in the brokered private placement completed on December 10, 2019 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $6,158,000.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For year ended December 31, 2021, the Company satisfied $954,139 (year ended December 31, 2020 - $5,203,861) of the commitment by incurring eligible expenditures of approximately $2,147,000 (year ended December 31, 2020 - $11,700,000) and as a result the flow-through premium has been reduced to $nil.

(ii) The flow-through common shares issued in the brokered private placement completed on November 25, 2020 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $3,000,000.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For year ended December 31, 2021, the Company satisfied $3,000,000 (year ended December 31, 2020 - $nil) of the commitment by incurring eligible expenditures of approximately $7,000,000 (year ended December 31, 2020 - $nil) and as a result the flow-through premium has been reduced to $nil.

(Expressed in Canadian Dollars)

13. Share Capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at December 31, 2021 the issued share capital amounted to $122,578,430. Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, December 31, 2019	**121,510,195**	**$ 98,195,843**
Private placement (iv)	4,400,000	10,040,000
Warrants (iv)	-	(1,074,739)
Flow-through share premium (note 12(ii))	-	(3,000,000)
Share issue costs	-	(648,209)
Shares issued for mineral properties (i)(ii)(iii)	1,912,748	1,556,316
Exercise of warrants	3,500	5,330
Exercise of stock options	2,369,500	1,668,583
RSUs vested (note 16)	24,444	29,822
Balance, December 31, 2020	**130,220,387**	**106,772,946**
Shares issued for mineral properties (v)	32,544	55,976
Exercise of warrants	5,372,750	8,181,624
Exercise of stock options	2,670,000	7,189,074
RSUs vested (note 16)	310,500	378,810
Balance, December 31, 2021	**138,606,181**	**$122,578,430**

(i) On March 24, 2020, the Company issued 1,275,510 common shares valued at $778,061 pursuant to an agreement related to the Val-d'Or East Project.

(ii) On May 14, 2020, the Company issued 599,359 common shares valued at $725,224 pursuant to an agreement related to the Detour Project.

(iii) On July 15, 2020, the Company issued 37,879 common shares valued at $53,031 pursuant to an agreement related to the Detour Project.

(Expressed in Canadian Dollars)

13. Share Capital (Continued)

b) Common shares issued (continued)

(iv) On November 25, 2020, the Company completed a non-brokered private placement consisting of 2,500,000 flow-through units of the Company ("FT Units") at a price of $2.80 per FT Unit and 1,900,000 hard dollar units of the Company ("Hard Units") at a price of $1.60 per Hard Unit for aggregate gross proceeds of $10,040,000 (the "Offering").

Each FT Unit consists of one flow-through common share of the Company and one-half of one common share purchase warrant. Each Hard Unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share of the Company for 2 years from the closing of the Offering at a price of $2.10.

The fair value of the 2,200,000 warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $1.60; expected dividend yield of 0%; risk-free interest rate of 0.27%; volatility of 71% and an expected life of 2 years. The fair value assigned to these warrants was $1,074,739.

The proceeds from the Financing will be used to fund "Canadian exploration expenses" (within the meaning of the Tax Act) related to the Company's projects in Québec, will qualify for inclusion in both the exploration base relating to certain Québec exploration expenses and the exploration base relating to certain Québec surface mining exploration expenses, as such terms are defined in the Taxation Act (Québec), and will be used for general working capital purposes.

(v) On July 27, 2021, the Company issued 32,544 common shares valued at $55,976 pursuant to an agreement related to the Detour Project.

14. Warrants

	Number of warrants	Grant date fair value
Balance, December 31, 2019	**13,734,783**	**$ 3,689,463**
Issued (note 13(b)(iv))	2,200,000	1,074,739
Expired	(8,313,783)	(2,481,664)
Exercised	(3,500)	(780)
Balance, December 31, 2020	**7,617,500**	**2,281,758**
Exercised	(5,372,750)	(1,197,049)
Expired	(44,750)	(9,971)
Balance, December 31, 2021	**2,200,000**	**$ 1,074,738**

The following table reflects the warrants issued and outstanding as of December 31, 2021:

Expiry date	Exercise price ($)	Warrants outstanding	Valuation ($)
November 25, 2022	2.10	2,200,000	1,074,738

(Expressed in Canadian Dollars)

15. Stock Options

	Number of stock options		Weighted average exercise price
Balance, December 31, 2019	**8,711,300**	**$**	**1.05**
Stock options granted (i)	2,950,000		1.17
Exercise of stock options	(2,369,500)		0.37
Stock options forfeited	(75,000)		1.33
Balance, December 31, 2020	**9,216,800**		**1.26**
Stock options granted (ii)(iii)(iv)	1,750,000		1.48
Exercise of stock options	(2,670,000)		1.50
Stock options expired	(150,000)		1.67
Balance, December 31, 2021	**8,146,800**	**$**	**1.22**

(i) On February 20, 2020, 2,950,000 stock options were granted to employees, officers, directors and consultants at the exercise price of $1.17, expiring February 20, 2025. Vesting of the stock options is as follows: one-third on day of grant, one-third after one year and one-third after two years. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $1.17; expected dividend yield of 0%; risk-free interest rate of 1.33%; volatility of 120% and an expected life of 5 years. The fair value assigned to these options was $2,849,110.

(ii) On February 24, 2021, 1,475,000 stock options were granted to officers, directors, key employees and consultants at the exercise price of $1.42, expiring February 24, 2026. Vesting of the stock options is as follows: one-third after one year, one-third after two years and one-third after three years. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $1.38; expected dividend yield of 0%; risk-free interest rate of 0.73%; volatility of 64% and an expected life of 5 years. The fair value assigned to these options was $1,075,874.

(iii) On June 7, 2021, 200,000 stock options were granted to a director at the exercise price of $1.72, expiring June 7, 2026. Vesting of the stock options is as follows: one-third after one year, one-third after two years and one-third after three years. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $1.72; expected dividend yield of 0%; risk-free interest rate of 0.88%; volatility of 63% and an expected life of 5 years. The fair value assigned to these options was $181,861.

(iv) On September 7, 2021, 75,000 stock options were granted to an officer at the exercise price of $1.96, expiring September 7, 2026. Vesting of the stock options is as follows: one-third after one year, one-third after two years and one-third after three years. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $2.03; expected dividend yield of 0%; risk-free interest rate of 0.79%; volatility of 60% and an expected life of 5 years. The fair value assigned to these options was $78,737.

(Expressed in Canadian Dollars)

15. Stock Options (Continued)

(v) The total share-based compensation for options granted in current and prior years and vested during the year ended December 31, 2021, amounted to $1,240,620 (year ended December 31, 2020 - $2,334,181).

The following table reflects the actual stock options issued and outstanding as of December 31, 2021:

Expiry date	Exercise price ($)	Options outstanding	Weighted average remaining contractual life (years)	Options exercisable
June 15, 2022	1.36	100,000	0.45	100,000
February 26, 2023	0.75	97,500	1.16	97,500
June 22, 2023	1.22	2,910,000	1.47	2,910,000
February 14, 2024	0.49	173,550	2.12	173,550
February 20, 2025	1.17	2,950,000	3.14	1,966,667
March 19, 2025	0.26	165,750	3.22	165,750
February 24, 2026	1.42	1,475,000	4.15	-
June 7, 2026	1.72	200,000	4.44	-
September 14, 2026	1.96	75,000	4.71	-
		8,146,800	**2.70**	**5,413,467**

16. Restricted Stock Unit ("RSU") Plan

During the year ended December 31, 2018, the Company adopted a RSU plan. The RSU plan provides for a fixed maximum limit of 7,000,000 RSUs.

During the year ended December 31, 2021, the Company granted 1,000,000 RSUs to officers, directors and key employees of the Company under the terms of the Company RSU Plan. The RSUs will vest one-third one year from the day of grant, one-third after two years and one-third after three years.

During the year ended December 31, 2020, the Company granted 1,145,000 RSUs to officers, directors and key employees of the Company under the terms of the Company RSU Plan. The RSUs will vest in full three years from the date of grant.

During the year ended December 31, 2021, 860,000 RSUs vested. 310,500 of these RSUs converted to common shares and $378,810 was reclassed to share capital. 549,500 RSUs were settled through a cash payment of $873,705.

During the year ended December 31, 2021, the Company estimated that certain RSUs outstanding would be settled in cash. Previously, the Company estimated that all RSUs would be settled with shares. As a result of this change in estimate, the Company reclassified the balance of certain RSUs from contributed surplus to liabilities and in addition reclassified $256,243 out of its accumulated deficit balance. The change in estimate also impacted other awards granted during the year ended December 31, 2021, which for certain of the awards has resulted in those awards similarly being presented as part of the RSU liability.

During the year ended December 31, 2020, 24,444 RSUs vested and $29,822 was reclassed to share capital.

(Expressed in Canadian Dollars)

16. RSU Plan (Continued)

Compensation for the year ended December 31, 2021 related to the vesting of RSUs was $1,452,412 (year ended December 31, 2020 - $712,235) and was recorded as share-based payments in the statement of loss and comprehensive loss.

	RSUs outstanding
Balance, December 31, 2019	**935,000**
Granted	1,145,000
Forfeited	(50,556)
Vested	(24,444)
Balance, December 31, 2020	**2,005,000**
Granted	1,000,000
Vested	(860,000)
Balance, December 31, 2021	**2,145,000**

17. Net Loss Per Share

The calculation of basic and diluted loss per share for the year ended December 31, 2021 was based on the loss attributable to common shareholders of $12,773,520 (year ended December 31, 2020 - $14,615,363) and the weighted average number of common shares outstanding of 131,754,108 (year ended December 31, 2020 - 125,102,805). Diluted loss per share did not include the effect of stock options, warrants and RSUs as they are anti-dilutive.

18. Exploration and Evaluation Expenditures

	Year ended December 31,	
	2021	**2020**
Val-d'Or East Project	**$ 8,886,007**	$ 12,233,972
Detour Project	**1,918,761**	2,054,682
Casa-Cameron Project	**254,811**	362,437
Black Creek Property	**22,043**	5,702
Tamarack-McFauld's Lake Property	**209,179**	3,321
Victory Property	**4,891**	1,862
Millen Mountain Property	**-**	200
Project Generation	**4,099**	1,436
Exploration and evaluation expenditures	**$ 11,299,791**	$ 14,663,612

(Expressed in Canadian Dollars)

18. Exploration and Evaluation Expenditures (Continued)

	Year ended December 31, 2021	Year ended December 31, 2020
Advanced exploration	**$ 310,281**	$ 314,046
Drilling	**7,284,924**	7,483,756
Environment	**83,409**	65,226
General field expenses	**62,944**	107,926
Geochemical	**726,494**	942,471
Geology	**678,681**	725,983
Geophysics	**1,640,548**	2,108,296
Metallurgical testwork	**119,185**	383,358
Modelling	**96,232**	-
Option payment and staking claims	**151,666**	1,609,621
Preliminary economic assessment	**799,037**	50,585
Research and development	**-**	1,161
Restoration fees (note 7)	**98,246**	869,465
Social and community	**38,076**	2,770
Operator of exploration project	**(789,932)**	(1,052)
	$ 11,299,791	$ 14,663,612

1) Val-d'Or

Val-d’Or East
The Val-d’Or East Project is located approximately 26 kilometers east of the city of Val-d’Or in Québec, Canada. The Company owns 100% interest in the following properties Pascalis, Monique, Courvan Senore, Beaufor North, Lapaska, Bonnefond North, Aurbel East and Megiscane-Tavenier properties. Certain properties are subject to various royalties:

- Net Smelter Royalties ("NSR") ranging from 0.38% to 3.0%% on specific properties. Certain NSRs can be repurchased by the Company ranging from 0.5% - 1.5% for $500,000 - $2,000,000 respectively.
- A 5% NSR on one mining claim payable at Lapaska.
- A 1% gross sale royalty on certain mining claims of a specific property.
- A 5% net profit royalty on certain mining claims from a specific property.

As part of the Val-d’Or East Project, the Company owns a 60% interest in the Cadillac Break East property. The joint venture (“JV”) participation is 60% Probe and 40% O3 Mining Inc. (“O3 Mining”). On April 26, 2021, the Company notified O3 Mining of their exercise of a 60% interest in the property and the formation of a JV. The Company may earn an additional 10% (total of 70%) interest in the property by completing a pre-feasibility study, incurring an additional $2,000,000 in exploration expenditure and issuing 200,000 common shares to O3 Mining on completion of the 70% earn-in requirement. If a participant's interest is diluted to less than 10%, its JV interest will be converted to a 2% NSR.

Dubuisson
The Dubuisson Property is located in Dubuisson Township, approximately 7 kilometers west of downtown Val-d’Or. The Dubuisson JV with Agnico Eagle Mines Limited (“Agnico”) was formed in 2010. The JV participation is 46.3% Probe Metals and 53.7% Agnico. Dubuisson is subject to a royalty of $25 per ounce on the first 30,000 ounces of gold extracted from the property and thereafter subject to a 2% NSR, of which half (1%) may be purchased by paying $500,000 within two (2) years after commercial production.

18. Exploration and Evaluation Expenditures (Continued)

2) Detour Quebec

The Detour Quebec Project includes the La Peltrie option property, the Gaudet-Fenelon JV property, and the 100%-owned Detour Quebec Main and North properties. The Detour Quebec Project is located 190 kilometers north of Rouyn-Noranda and 40 kilometers northwest of the town of Matagami in Quebec. Certain properties are subject to various royalties:

- NSRs ranging from 1.5% to 2.0% on specific properties. Certain NSRs can be repurchased by the Company ranging from 0.5% - 1.5% for $500,000 - $2,000,000 respectively.
- Gross Metal Royalty ("GMR") ranging from 2% to 2.5% on specific properties. Certain GMRs can be repurchased by the Company ranging from 1.0% - 1.5% for $500,000 to $1,500,000 respectively.

Under the terms of a JV agreement for the Gaudet-Fenelon JV property, the Company and Midland each have a 50% participating interest. The property is contiguous with the Company's Detour Quebec 100%-owned project. The Company will remain the operator and each party will be responsible for funding its proportionate share of expenditures on the JV Project. If a participant's interest is diluted to less than 10%, its JV interest will be converted to a 2% NSR. The remaining participant shall have the right to repurchase 1% of the NSR for $1,500,00 in cash.

On May 14, 2020, the Company announced the completion of the acquisition of SOQUEM 25% interest in the Company's Detour Joint-Venture Project (the "Acquisition"). Pursuant to the Acquisition, the Company owns 100% of the Detour Project. In September 2017, the Company entered into a 75-25 JV agreement with SOQUEM on its Detour Project. The Company’s ownership in the claims under this agreement are subject to a milestone payment of $1,000,000 if a positive Preliminary Economic Assessment is released including mineral resources of at least 1 million ounces of gold.

In July 2020, the Company announced that it closed the option agreement with Midland, whereby it may earn up to a 65% interest in the La Peltrie gold property (the "La Peltrie Property"). The La Peltrie Property is contiguous with the Company's Detour Quebec 100%-owned project.

The Company can acquire an undivided 50% interest (the “First Option”) in the La Peltrie Property by incurring aggregate expenditures of $3,500,000 as follows:

- An aggregate amount of $500,000 on or before July 31, 2021 (incurred);
- an aggregate amount of at least $1,200,000 on or before July 31, 2022;
- an aggregate amount of at least $2,400,000 on or before July 31, 2023; and
- an aggregate amount of at least $3,500,000 on or before July 31, 2024.

In addition, the Company shall make cash or share payments to Midland in the aggregate amount of $400,000 as follows:

- $50,000 on closing (37,879 common shares issued and valued at $53,031 on July 15, 2020);
- $55,000 on or before July 31, 2021 (32,544 common shares issued and valued at $55,976 on July 27, 2021);
- $70,000 on or before July 31, 2022;
- $100,000 on or before July 31, 2023; and
- $125,000 on or before July 31, 2024.

Upon exercise of the First Option, Probe may, at its sole discretion, increase its undivided interest in the La Peltrie Property to 65% (the “Second Option”), by incurring additional expenditures and/or cash payments, at the sole election of the Company, of $5,000,000 within a period two years from the date of exercise of the First Option.

The property is subject to a GMR of 1% and to a 2% NSR. 1% of the NSR can be purchased at any time by paying $1,500,000 if the Company exercises it’s option.

(Expressed in Canadian Dollars)

18. Exploration and Evaluation Expenditures (Continued)

3) Casa Cameron

The Casa Cameron Project includes 4 properties that are located north of La Sarre, Amos and Lebel-sur-Quevillon, in the northwest region of the province of Quebec and are readily accessible year-round with paved and gravel roads. The 100%-own project includes the Casagosic, Sinclair-Bruneau and Florence properties. The Properties are subject to NSRs varying from 1.5% to 2.0%. of which 1% of certain NSRs can be repurchased by the Company ranging from $250,000 to $1,000,000.

4) Black Creek, Tamarack-McFauld's Lake, Victory Properties

The Black Creek, Tamarack-McFauld's Lake, Victory Properties are 100% owned by the Company and are located in the James Bay Lowlands of northern Ontario, approximately 300 kilometers north of the town of Nakina.

5) Timmins West / Meunier-144

The Meunier-144 JV property is located in the western part of the prolific Timmins gold camp, approximately 19 kilometres west of the town of Timmins in Ontario, Canada. The Meunier-144 property is a 50/50 JV with Pan American Silver, the operator of the project. The property is subject to a 2.5% NSR of which a 1% NSR may be purchased at any time by Probe for $2,000,000. Also, under the terms of the agreement, Probe is subject to a payment of $2,000,000 in the case where a pre-feasibility study conducted on the property could indicate the potential for commercial production of at least 1 million ounces of gold.

19. General and Administrative Expenses

	Year ended December 31,	
	2021	**2020**
Share-based payments (notes 15, 16 and 20)	**$ 2,693,032**	$ 3,046,417
Salaries and benefits (note 20)	**2,082,181**	930,505
Director fees (note 20)	**378,356**	342,628
Professional fees (note 20)	**226,793**	443,825
Administrative costs	**184,110**	243,217
Travel and promotion costs	**162,089**	229,269
Depreciation (notes 8 and 9)	**162,814**	144,828
Shareholder information	**143,475**	161,201
Occupancy costs	**3,252**	17,165
	$ 6,036,102	$ 5,559,055

(Expressed in Canadian Dollars)

20. Related Party Balances and Transactions

Related parties include the Board of Directors and management, close family and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The below noted transactions are approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company entered into the following transactions with related parties:

	Notes	Year ended December 31, 2021	Year ended December 31, 2020
Peterson McVicar LLP ("Peterson")	(i)	**$ 19,290**	$ 43,534
Marrelli Support Services Inc. ("Marrelli Support")	(ii)	**$ 76,148**	$ 81,638
DSA Corporate Services Inc. ("DSA Corp")	(ii)	**$ 13,471**	$ 13,085
DSA Filing Services Limited ("DSA Filing")	(ii)	**$ 9,577**	$ 13,057

(a) The Company entered into the following transactions with related parties (continued):

(i) Dennis H. Peterson, a director of the Company, controls Peterson which provided legal services to the Company. The amounts charged by Peterson are based on what Peterson usually charges its clients. The Company expects to continue to use Peterson for an indefinite period. As at December 31, 2021, Peterson was owed $1,020 (December 31, 2020 - $24,405) and this amount was included in amounts payable and other liabilities.

(ii) During the year ended December 31, 2021, the Company paid professional fees of $76,148 (year ended December 31, 2020 - $81,638) to Marrelli Support, an organization of which Carmelo Marrelli is Managing Director. Mr. Marrelli is the former Chief Financial Officer of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. As at December 31, 2021, Marrelli Support was owed $11,390 (December 31, 2020 - $11,394) and this amount was included in amounts payable and other liabilities.

During the year ended December 31, 2021, the Company paid professional fees of $13,471 (year ended December 31, 2020 - $13,085) to DSA Corp, an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA Corp. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2021, DSA Corp was owed $1,130 (December 31, 2020 - $1,215) and this amount was included in amounts payable and other liabilities.

During the year ended December 31, 2021, the Company paid professional fees of $9,577 (year ended December 31, 2020 - $13,057) to DSA Filing, an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA Filing. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2021, DSA Filing was owed $202 (December 31, 2020 - $3,041) and this amount was included in amounts payable and other liabilities.

The above noted transactions are in the normal course of business and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(Expressed in Canadian Dollars)

20. Related Party Balances and Transactions (Continued)

(b) Remuneration of directors and key management personnel, other than consulting fees, of the Company was as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries and benefits [(i)(ii)]	**$ 2,272,356**	$ 1,786,078
Share-based payments	**$ 2,094,481**	$ 2,649,075

[(i)] For the year ended December 31, 2021, $1,743,356 of these costs (year ended December 31, 2020 - $1,145,578) are included in general and administrative expenses and $529,000 (year ended December 31, 2020 - $640,500) are included in exploration and evaluation expenditures.

[(ii)] The directors do not have employment or service contracts with the Company. Directors are entitled to director fees, stock options and RSUs for their services. As at December 31, 2021, officers and directors were owed $809,709 (December 31, 2020 - $421,006) and this amount was included in amounts payable and other liabilities.

21. Segmented Information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including geographical location, quantitative thresholds and managerial structure.

22. Income Taxes

(a) Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 - 26.5%) to the effective tax rates is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Net loss before income taxes	**$ (12,773,520)**	$ (14,615,363)
Expected income tax recovery at statutory rates	**(3,384,980)**	(3,873,070)
Share-based compensation	**713,650**	807,300
Unrealized gain on marketable securities	**(155,610)**	(28,650)
Effect of flow-through shares	**1,378,360**	1,769,990
Unrecognized deferred tax benefits	**1,448,580**	1,324,430
Income tax recovery	**$ -**	$ -

(Expressed in Canadian Dollars)

22. Income Taxes (Continued)

(b) Deferred tax

The following table summarizes the components of deferred tax:

	2021	2020
Deferred tax assets		
Non-capital losses	**$ 16,860**	$ 41,720
Deferred tax liabilities		
Property and equipment	**(16,860)**	(41,720)
	$ -	$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

(c) Unrecognized deductible temporary differences

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2021	2020
Unrecognized deductible temporary differences		
Non-capital losses	**$ 22,859,620**	$ 20,151,630
Exploration and evaluation expenditures and related tax credits	**14,609,040**	12,448,590
Investments	**3,400,840**	1,704,100
Share issuance costs	**1,178,680**	2,161,000
Leased assets	**84,080**	77,510
Restoration liabilities	**1,630,650**	889,240
Other temporary differences	**53,780**	53,780
	$ 43,816,690	$ 37,485,850

(d) Tax loss carry-forwards

Non-capital losses will expire between 2033 and 2041. Share issue costs will be deducted over the next 3 years. The remaining deductible temporary differences may be carried forward indefinitely.

23. Subsequent Events

(i) On March 8, 2022, the Company completed a bought deal private placement consisting of 6,700,000 flow-through units of the Company at a price of $3.10 per flow-through unit for aggregate gross proceeds of $20,770,000. Each flow-through unit consists of one flow-through common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share of the Company for 2 years from the closing of the offering at a price of $2.40. The proceeds from the offering will be used to fund exploration on Probe's projects in Québec.

The offering was completed through a syndicate of underwriters led by Canaccord Genuity Corp., and including Sprott Private Partners, CIBC Capital Markets, BMO Capital Markets, iA Private Wealth, Research Capital Corporation and Laurentian Bank Securities (collectively, the “Underwriters”). In consideration for their services, the Underwriters received a cash commission equal to 6% of the gross proceeds of the offering. All securities issued and issuable pursuant to the offering are subject to a hold period of four months and one day from closing.

(ii) On March 23, 2022, the Company announced the appointment of Patrick Langlois as Chief Financial Officer and Vice President, Corporate Development to the Company.

In addition, the Company announced that it granted options to acquire a total of 1,475,000 common shares of the Company to officers and directors at the exercise price of $1.87 per share for a period of five years, subject to vesting requirements. Additionally, the Company granted 710,000 RSUs to officers and directors of the Company under the terms of the Company's RSU Plan. Each RSU entitles the holder to acquire one common share of the Company by delivering an exercise notice in accordance with the RSU Plan.