ALPHA EXPLORATION LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2021 and 2020
(Expressed in US Dollars, except where Indicated)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Directors of Alpha Exploration Ltd.

Opinion

We have audited the consolidated financial statements of Alpha Exploration Ltd. (the "Company") which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2021, and 2020, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, and 2020 in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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 *Auditors' Responsibilities for the Audit of the Consolidated 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 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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 audits 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.

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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 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.

Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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 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 Company 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 auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
May 2, 2022

ALPHA EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021 AND DECEMBER 31, 2020
(Expressed in US dollars)

	Note	2021	2020 (Recast – Note 15)
		$	$
ASSETS			
CURRENT			
Cash		894,808	1,891,681
Other receivables and prepayments		51,881	9,733
		946,689	1,901,414
Equipment	4	234,836	133,724
Exploration and evaluation assets	5	7,381,258	4,323,826
Total assets		8,562,783	6,358,964
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	6	778,736	995,467
LONG-TERM			
Warrant Liability	7	481,880	368,891
		1,260,616	1,364,358
EQUITY			
SHARE CAPITAL	7	9,331,292	5,926,406
CONTRIBUTED SURPLUS		929,989	1,251,577
DEFICIT		(2,959,114)	(2,183,377)
		7,302,167	4,994,606
Total liabilities and shareholder’s equity		8,562,783	6,358,964

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 14)

Approved and authorized for issue on behalf of the Board of Directors on May 2, 2022

Director

Director

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

ALPHA EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in US dollars)

	Note	2021	2020
		$	$
EXPENSES			
Director's fee		5,909	-
Finance cost		12,975	23,844
General and administrative expenses		268,288	142,024
Office expenses		1,693	953
Professional fees		295,196	441,062
Salaries		90,385	-
Share-based compensation	7	256,535	1,251,177
TOTAL EXPENSES		930,981	1,859,060
OTHER ITEMS			
Fair value adjustment on warrant liability	7	(89,663)	-
Foreign exchange (gain)/loss		(33,829)	11,000
Other income		(31,752)	-
NET AND COMPREHENSIVE LOSS		775,737	1,870,060
LOSS PER SHARE – Basic and diluted		(0.01)	(0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		59,799,591	49,326,199

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

ALPHA EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in US dollars, except for number of shares)

	Share Capital						
	Common Shares		Preference Shares				
	Number of Shares	Amount	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		$		$	$	$	$
Balance – December 31, 2019	35,182,200	2,931,850	-	-	-	(313,317)	2,618,533
Shares issued for cash	13,885,667	3,363,447	-	-	-	-	3,363,447
Allocation of unit proceeds to warrants	-	(368,891)	-	-	-	-	(368,891)
Shares based compensation (Note 7)	15,079,242	-	-	-	1,251,577	-	1,251,577
Net loss for the year	-	-	-	-	-	(1,870,060)	(1,870,060)
Balance – December 31, 2020 (Recast – Note 15)	64,147,109	5,926,406	-	-	1,251,577	(2,183,377)	4,994,606
Shares issued for cash, net	4,628,482	2,564,336	-	-	-	-	2,564,336
Allocation of unit proceeds to warrants	-	(202,652)	-	-	-	-	(202,652)
Equalization shares issued (Note 7)	299,643	161,018	-	-	-	-	161,018
Preference shares issued in lieu of common shares (Note 7)	(15,286,159)	(7,321,774)	15,286,159	8,131,601	(809,827)	-	-
Warrants Exercised	137,944	72,357	-	-	(72,357)	-	-
Share-based compensation	-	-	-	-	560,596	-	560,596
Net loss for the year	-	-	-	-	-	(775,737)	(775,737)
Balance – December 31, 2021	53,927,019	1,199,691	15,286,159	8,131,601	929,989	(2,959,114)	7,302,167

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

ALPHA EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in US dollars)

	2021	2020
	$	$
CASH PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(775,737)	(1,870,060)
Share-based compensation	256,535	1,251,177
Net changes in non-cash working capital balances:		
Other receivables and prepayments	(42,148)	(8,321)
Fair value adjustment on warrant liability	(89,663)	-
Accounts payable and accrued liabilities	(296,996)	715,731
Cash (used in) provided by operating activities	(948,009)	88,527
INVESTING ACTIVITIES		
Net exploration and evaluation asset expenditures	(2,527,868)	(1,677,870)
Disposal of equipment	-	804
Purchase of equipment	(165,597)	(52,354)
Cash used in investing activities	(2,693,465)	(1,729,420)
FINANCING ACTIVITIES		
Shares issued for cash, net of share issue costs	2,564,336	3,363,447
Loan received from related party	80,265	-
Cash received from financing activities	2,644,601	3,363,447
CHANGE IN CASH	(996,873)	1,722,554
CASH, BEGINNING OF YEAR	1,891,681	169,127
CASH, END OF YEAR	894,808	1,891,681

Supplemental Cash Flow Information (Note 11)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Alpha Exploration Ltd. ("Alpha" or the "Company") was incorporated under the *BVI Business Companies Act,* (No. 16 of 2004) (the "**BVI Act**") on December 6, 2011 with business registration number 1684187. Alpha's head and registered office is located at 3rd Floor, Omar Hodge Building, Wickhams Cay 1, P.O. Box 362, Road Town, Tortola, British Virgin Islands. Alpha has one subsidiary, Alpha Exploration Eritrea Limited, an Eritrean corporation incorporated on March 13, 2018 under the laws of Eritrea ("**Alpha Eritrea**"). Alpha Eritrea currently holds the rights to the Kerkasha Project (as defined below), Alpha's main exploration property located in Eritrea.

Alpha is a mineral exploration and development company engaged in the business of acquisition, exploration and, if warranted, development of mineral resource properties. Its objective is to locate, define and ultimately develop economic mineral deposits.

Alpha listed on the TSX Venture Exchange ("TSX-V") on November 1, 2021, the shares of Alpha trade on the TSX-V under the symbol ALEX.

The Company had a deficit of $2,959,115 at December 31, 2021 (December 31, 2020(Recast) - $2,183,377), which has been funded by the issuance of equity. The Company expects to incur further losses in the development of its business. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing sufficient to cover its operating costs. The Company's ability to continue as a going concern is dependent upon its ability to raise additional equity. Management has carried out an assessment of the going concern assumption and has concluded that the Company may not have sufficient cash and cash equivalents and other financial assets to continue operating at current levels for the ensuing twelve months with out the need to raise further capital. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. There was no material impact on the Company's unaudited condensed interim consolidated financial statements from the COVID-19 pandemic.

2. SIGNIFICANT ACCOUTNING POLICIES

a) Statement of compliance

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

These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on [ ], 2022.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Functional and presentation currency

The financial statements of each company within the consolidated group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the parent company and the Eritrean subsidiary is the US dollar.

These consolidated financial statements are presented in US dollars.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned Eritrean subsidiary, Alpha Exploration Eritrea Ltd. ("Alpha Eritrea"). Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

c) Cash equivalents

Cash equivalents include short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of December 31, 2021 and 2020, the Company held no cash equivalents.

d) Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized in operations on straight-line method over the estimated useful lives of each part of an item of equipment at the following rates per annum.

Depreciation commences when the assets are available for their intended use and is recognized on a straight line basis to depreciate the cost of these assets over their estimated useful lives. Maintenance and repairs are charged to expense as incurred. When significant parts of an item included in fixed assets have different useful lives, they are accounted for as separate components of the asset and depreciated over their estimated useful life on a straight-line basis.

Motor vehicles	20%
Generators and pumps	16% first year, 12% thereafter
Camp equipment	20%
Computer and office equipment	20%
Furniture and fittings	10%

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Equipment (Continued)

An item of equipment is de-recognized 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.

e) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

f) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payments is measured using the Black-Scholes Option Pricing Model. The fair value of the share-based payment is recognized as an expense or capitalized to share capital with a corresponding increase in the share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related reserve amount is transferred to share capital.

g) Share Capital

The Company's common shares, share warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. For equity offerings of units consisting of a common share and warrants, when both instruments are classified as equity, the Company bifurcates the proceeds between the common share and warrants based on residual value. When warrants are exercised, the corresponding value is transferred from equity reserve to common stock.

h) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method. Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Exploration and evaluation assets (Continued)

In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

i) Foreign currency

Transactions and balances in currencies other than the US dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

j) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax 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 the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Decommissioning, restoration and similar liabilities (Continued)

varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

k) 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. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

l) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each period end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company is not subject to income taxes in the British Virgin Islands where the head office is located.

The Company currently does not have any income or losses in Eritrea, as all expenditures are capitalized to the exploration and evaluation assets.

m) Financial instruments

The classifications and measurement of the Company's financial assets and liabilities are as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

o) Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are measured at amortized cost.

As at December 31, 2021 and 2020, the Company did not have any derivative financial liabilities.

p) Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated 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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive

(Expressed in US dollars, except where indicated)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

throughout the consolidated 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, 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:

Significant accounting estimates

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable; and

ii. the inputs used in accounting for share-based payments and warrants.

Significant accounting judgments

i. the determination of categories of financial assets and financial liabilities;

ii. the evaluation of the Company’s ability to continue as a going concern; and

iii. the estimated useful life of equipment

4. EQUIPMENT

	Camp equipment	**Pump and generators**	**Computer and office equipment**	**Furniture and fittings**	**Motor vehicles**	**Total**
	$	$	$	$	$	$
Cost						
Balance, January 1, 2020	73,833	14,710	32,292	14,852	27,500	163,187
Additions	9,900	197	5,026	2,200	35,031	52,354
Disposal	(910)	-	-	-	-	(910)
Balance, December 31, 2020	82,823	14,907	37,318	17,052	62,531	214,631
Additions	76,016	5,913	9,675	4,106	69,887	165,597
Balance, December 31, 2021	158,839	20,820	46,993	21,158	132,418	380,228

(Expressed in US dollars, except where indicated)

4. EQUIPMENT (CONTINUED)

	Camp equipment	Pump and generators	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	$	$	$	$	$	$
Accumulated Depreciation						
Balance, January 1, 2020	22,947	2,553	8,269	2,219	8,250	44,238
Additions	14,769	1,868	6,696	1,520	11,922	36,775
Disposal	(106)	-	-	-	-	(106)
Balance, December 31, 2020	37,610	4,421	14,965	3,739	20,172	80,907
Additions	25,965	2,426	8,816	1,959	25,335	64,485
Balance, December 31, 2021	63,575	6,847	23,781	5,698	45,507	145,392
Carrying Amounts						
Balance, December 31, 2020	45,213	10,486	22,353	13,313	42,359	133,724
Balance, December 31, 2021	95,264	13,973	23,212	15,460	86,911	234,836

5. EXPLORATION AND EVALUATION ASSET

On January 10, 2018, Alpha Eritrea entered into an exploration agreement with Minister of Energy and Mines (State of Eritrea) pursuant to the Eritrean Mining Proclamation to explore for mineral resources within a defined area (the “Kerkasha area”) other than construction material, mineral water and geothermal deposits. The maximum size of the agreement area was 973 km^2. On September 13, 2018, the agreement area was extended by 55km^2 to a total of 1,028km^2. Alpha Eritrea paid $12,267 in 2021 in exploration license issuing fees to acquire the license which have been recorded as exploration and evaluation assets.

Alpha Eritrea obtains the exclusive right to conduct exploration operations in the agreement area and Alpha Eritrea shall bear the sole risk and cost of exploration operations.

On December 20, 2017, Alpha signed a tenement farm-out agreement with the Eritrean National Mining Company (“ENAMCO”) governing the terms of ENAMCO’s participation in the Kerkasha Project (the “ENAMCO Agreement”). Pursuant to the ENAMCO Agreement, the Eritrean government (through ENAMCO) has the right to a 10% free-carried interest in any mining project developed on the Kerkasha Project area. The Eritrean government also has the right to purchase a further 30% equity participating interest in the Kerkasha Project at any time from commencement of exploration to three months after completion of a bankable feasibility study relating to the Kerkasha Project. To purchase this participating interest, ENAMCO must pay the equivalent percentage cost of exploration up to the point of acquiring their participating interest (as determined by an independent auditor) and will thereafter contribute the same participating interest percentage in all exploration and development expenditures

(Expressed in US dollars, except where indicated)

5. EXPLORATION AND EVALUATION ASSET (CONTINUED)

on the Kerkasha Project going forward. ENAMCO and Alpha will form a share company in accordance with the Commercial Code of Eritrea after ENAMCO has exercised its right of participation.

The Alpha portion of the Kerkasha Project is subject to a 2% net smelter royalty in favour of Nubian Royalty Corporation, a corporation incorporated under the BVI Act and wholly owned by insiders of Alpha (the "Nubian Royalty"). If at any time Nubian Royalty Corporation receives an offer from a third party to purchase the Nubian Royalty or any portion thereof, Alpha has a right to match any such third-party offer.

Exploration and evaluation expenditures for the years ended December 31, 2021 and 2020 were as follows:

	2021	**2020**
	$	$
Opening balance	4,323,826	2,608,781
Exploration costs:		
Drilling	376,304	563,135
Assays	298,483	101,838
Surveys	19,542	121,116
Technical services	461,956	231,963
Exploration licenses and fees	12,267	13,803
Labour cost	792,800	299,586
Share based compensation (Note 7)	464,674	-
Consultancy charges	101,843	20,067
Consumable spare parts and supplies	209,165	145,647
Other direct expenses	255,914	236,432
Depreciation expenses	64,484	31,458
Other income – royalty option sale	-	(50,000)
Ending balance	7,381,258	4,323,826

6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	2021	**2020**
	$	$
Trade and other payables	407,755	564,814
Amount due to related parties (Note 8)	277,096	430,384
Other accruals	93,885	269
Total	778,736	995,467

7. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Financings during the years ended December 31, 2021 and 2020:

On January 21, 2021, the Company completed a private placement of 2,007,544 units at CAD$0.90 per share per unit for gross proceeds of CAD$1,806,789 pursuant to the second tranche of the private placement. Each unit consists of one common share and one half of one common share purchase warrant exercisable at CAD$1.35 per common share until January 21, 2023. Gross proceeds of $1,143,200 were allocated to common shares and $202,652 to the warrants.

On May 12, 2021, the Company issued to its Technical Director, Mr. Alasdair Smith, 299,643 common shares for CAD$0.001. These shares were valued at CAD$0.65 per share, which is assessed by the Company to be the fair value per share of the shares issued based on the subsequent issue of Subscription Receipts.

On June 11, 2021, the Company closed a private placement of 2,620,938 subscription receipts (“Subscription Receipts”) at a price of CAD$0.65 per Subscription Receipt, for total gross proceeds of CAD$1,703,609. The proceeds from issuance were recorded as cash held in trust, as the cash was held in escrow, until the listing transaction was successfully completed on November 1, 2021. Each Subscription Receipt entitles the holder to receive one common share in the Company without payment of additional consideration upon successful completion of the listing transaction.

On June 11, 2021, the Company issued 137,944 common shares following the exercise of 137,944 performance warrants. As a result, $72,357 to share capital representing fair value of the warrants on the date of the exercise.

On June 21, 2021, 7,977,246 common shares held by Alpha’s majority shareholder, Alpha Discovery Holdings Ltd., have been exchanged for non-voting preferred shares. The preferred shareholders are not entitled to receive dividends.

On September 14, 2021 the Company converted a further 7,308,913 ordinary shares held by insiders, to non-voting preferred shares. In total, 15,286,159 ordinary shares were converted to non-voting preferred shares. The preferred shareholders are not entitled to receive dividends. As a result of the transaction $809,827 was transferred to contributed surplus.

On August 4, 2020, the Company completed a one-for-twelve (1:12) reserve share split of all of its issued common shares (“Share Split”). The loss per share and the weighted average common shares outstanding disclosed in the consolidated statements of loss and comprehensive loss for the years ended December 31, 2019 have been retroactively adjusted to reflect the Share Split.

During the first half of 2020, the Company issued 10,200,000 common shares at $0.083 per share for proceeds of $850,000.

On September 1, 2020, the Company issued 15,079,242 common shares to directors of the Company for a nominal consideration at a deemed fair value of $0.083 per share and a share based compensation of $1,251,577 was recorded.

On December 22, 2020, the Company issued 3,685,667 units at $0.707 per unit for gross proceeds

(Expressed in US dollars, except where indicated)

7. SHARE CAPITAL (CONTINUED)

of $2,605,326 pursuant to first tranche of the private placement. Each unit consists of one common share and one half of one share purchase warrant exercisable at CAD$1.35 per common share until December 20, 2022. The Company incurred issuance costs of $91,879 in connection with the private placement. Gross proceeds of $2,236,435 was allocated to common shares and $368,891 to the warrants.

During the year ended December 31, 2019, the Company had issued 17,040,000 common shares at $0.083 per share for proceeds of $1,420,000.

Warrants and Performance Warrants

The Company's warrant liability arises as a result of the issuance of warrants exercisable in CAD dollars. As the denomination is different from the US dollar functional currency of the entity issuing the underlying shares, the Company recognizes a derivative liability for these warrants and re-measures the liability at the end of each reporting period using the Black-Scholes model. Changes in respect of the Company's warrant liability are as follows:

	2021		2020
Balance at beginning of the period	368,891	$	-
Warrants issued	202,652		368,891
Fair value adjustment	(89,663)		-
Balance at end of the period	481,880	$	368,891

The re-measurement of the warrant liability at the end of each reporting period was calculated using the Black-Scholes model with the following weighted average assumptions and resulting fair values:

	2021	2020
Weighted average assumptions:		
Risk-free interest rate	0.81%	0.81%
Expected dividend yield	0%	0%
Expected warrant life (years)	1.06	0.96
Expected stock price volatility	85.00%	85.00%
Weighted average fair value	$0.96	$0.96

(Expressed in US dollars, except where indicated)

7. SHARE CAPITAL (CONTINUED)

Warrants and Performance Warrants (Continued)

A summary of the Company's outstanding warrants at December 31, 2021 and 2020, and the changes for the years then ended is presented below:

	Number of warrants	**Weighted average exercise price (per share)**	**Weighted average life (Years)**
Warrants		CAD$	
Exercisable and outstanding, December 31, 2019	-	-	-
Issued – within private placement units	1,842,834	1.35	2.00
Exercisable and outstanding, December 31, 2020	1,842,834	1.35	0.97
Issued – within private placement units	1,003,759	1.35	2.00
Exercisable and outstanding, December 31, 2021	2,846,591	1.35	0.78

Private Placement warrants

Valuation of the warrant liability requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing warrants is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the warrant liability was calculated using the Black-Scholes model with the following weighted average assumptions and resulting fair values:

	2021	2020
Weighted average assumptions:		
Risk-free interest rate	0.152%	0.23%
Expected dividend yield	0%	0%
Expected warrant life (years)	2.00	2.00
Expected stock price volatility	98.00%	85.00%
Weighted average fair value	$0.17	$0.14

Performance Warrants

On May 12, 2021, the Company issued 7,000,00 Performance Warrants to the Company's Technical Director and founder, Mr. Alasdair Smith. On August 1, 2021, 5% amounted to 137,944 Performance Warrants was grossed up and deducted from the initial 7,000,000 Performance Warrants, assuming Mr. Alasdair exercises the Performance Warrants to maintain the 5%. The Performance Warrants are exercisable as follows: (i) 2,571,000 at CAD$0.001 per warrant for a period of 10 years from the date of issue and (ii) 4,429,000 at CAD$0.05 per warrant for a period of 10 years from the date of issue. Vesting of the Performance Warrants shall occur on each date immediately following the first day which the Company closes a Qualifying Issue, Performance Warrants shall vest at a number that is equal to five percent (5%) of the number of Shares issued pursuant to such Qualifying issue.

(Expressed in US dollars, except where indicated)

7. SHARE CAPITAL (CONTINUED)

Performance Warrants (Continued)

	Number of warrants	**Weighted average exercise price (per share)**	**Weighted average life (Years)**
		CAD$	
Outstanding, December 31, 2020 and 2019	-	-	-
Issued – Performance Warrants	7,000,000	0.032	10.00
Exercised– Performance Warrants	(137,944)	0.001	10.00
Outstanding, December 31, 2021	6,862,056	0.032	9.37

The following table summarizes the outstanding and exercisable warrants and performance warrants as at December 31, 2021:

Exercise price	**Number of warrants**	**Expiry date**	**Weighted average life (Years)**
CAD$1.35	1,842,832	December 20, 2022	0.63
CAD$1.35	1,003,759	January 21, 2023	1.06
CAD$0.001	2,571,000*	May 12, 2031	9.37
CAD$0.05	4,429,000*	May 12, 2031	9.37

** Performance Warrants*

The fair value of Performance Warrants on the date of grant was determined using the Black-Scholes Option Pricing Model and a probability weighting using the following weighted average assumptions:

	2021	2020
Exercise price	CAD$0.032	Nil
Share price	CAD$0.65	Nil
Expected life	3.6 years	Nil
Expected volatility*	114%	Nil
Expected probability of occurrence of Qualifying Issue	53%	Nil
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The weighted average fair value of the Performance Warrants at the date of grant was CAD$0.65 ($0.52 USD equivalent) per share.

* Expected volatility is based on historic volatility of comparable public companies' share prices.

(Expressed in US dollars, except where indicated)

7. SHARE CAPITAL (CONTINUED)

Options

On June 21, 2021, the Company granted 50,000 share options to consultants with each option exercisable at CAD$1.35 per share option for a period of two years from listing date.

On December 6, 2021, the Company granted 300,000 and 150,000 share options to employees and advisors with each option exercisable at CAD$0.64 per share option for a period of five years from the date of grant.

On December 6, 2021, the Company granted 150,000 share options to advisor with each option exercisable at CAD$0.90 per share option for a period of five years from the date of grant.

	Number of options	**Weighted average exercise price (per share)**	**Weighted average life (Years)**
Options		CAD$	
Exercisable and outstanding, December 31, 2020	-	-	-
Issued	650,000	0.75	4.70
Outstanding, December 31, 2021	650,000	0.75	4.70
Exercisable, December 31, 2021	400,000	0.71	4.62

The following table summarizes the outstanding and exercisable options as at December 31, 2021:

Exercise price	**Number of options**	**Expiry date**	**Weighted average life (Years)**
CAD$1.35	50,000	Nov 1, 2023	1.84
CAD$0.64	450,000	Dec 6, 2026	4.93
CAD$0.90	150,000	Dec 6, 2026	4.93

The fair value of options on the date of grant was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2021	2020
Share price	CAD$0.79	Nil
Risk free interest rate	0.91%	Nil
Expected life	4.69 years	Nil
Expected volatility	133%	Nil
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

(Expressed in US dollars, except where indicated)

7. SHARE CAPITAL (CONTINUED)

Options (Continued)

The weighted average fair value of the Options at the date of grant was CAD$0.79 ($0.58 USD equivalent) per share.

* Expected volatility is based on historic volatility of comparable public companies' share prices.

For the year ended December 31, 2021, the Company recorded aggregate share-based compensation of $721,614 (2020 - $nil), of which $465,647 is capitalized to the exploration and evaluation assets and represents the share-based compensation for the Performance Warrants.

8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As at December 31, 2021 and 2020, the related party balances were as disclosed below. The amounts noted below are included in the Company's accounts payable and loan from related party balances.

	2021	**2020**
	$	$
Hemera Capital Management, Cayman – common owner	50,000	-
Colonnade Mining Group Eritrea Ltd, Eritrea – common owner	121,654	428,924
Frontier Equipment Supplies DMCC, UAE – common owner	11,040	-
Alpha Discovery Holding, BVI – common owner	80,265	-
Alasdair Smith - CEO of Alpha Exploration Eritrea Ltd.	14,137	1,460
Total	277,096	430,384

On October 7, 2021, a shareholder, Alpha Discovery Holdings Limited provided an unsecured loan to the Company in the principal amount of CAD$100,000 (the "Loan"). The Loan is for an 18-month term ending on April 7, 2023. The proceeds from the Loan will be used by the Company for working capital purposes. The Loan bears interest rate of 5% per annum and is unsecured.

(Expressed in US dollars, except where indicated)

8. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

During the years ended December 31, 2021 and 2020, the related party transactions were as follows:

	2021	2020
	$	$
Shareholder loan granted	-	500,000
Shareholder loan repayment	-	500,000
Colonnade Mining Group Eritrea Ltd, Eritrea – drilling services	376,304	540,301
Colonnade Mining Group Eritrea Ltd, Eritrea – loan granted	1,000	-
Colonnade Mining Group Eritrea Ltd, Eritrea – loan repayment	1,000	-
Colonnade Mining Group Ltd, BVI – payment on behalf of the Company for consumable purchase	2,958	3,472
Colonnade Mining Group Ltd, BVI – loan granted	-	20,000
Colonnade Mining Group Ltd, BVI – loan repayment	-	20,000
Hemera Capital Management, Cayman – advisory fees	100,000	100,000
Frontier Equipment Supplies DMCC, UAE - purchase	11,040	-
Alasdair Smith – cash loan granted	10,000	-
Alpha Discovery Holding, BVI – loan granted	80,265	-

Compensation of key management personnel

Key management includes members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. The aggregate compensation paid, or payable, to key management personnel during the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
	$	$
Salaries[1]	284,044	156,000
Benefits [1]	29,400	31,452
Shared-based compensation[1]	465,647	1,251,577
Total	779,091	1,439,029

[1] Salaries and benefits of Mr. Alasdair Smith, which form part of salaries and benefits noted above, are capitalized to the exploration and evaluation assets in Alpha Eritrea Ltd. Share-based compensation for the year ended December 31, 2021 of $465,647 (December 31, 2020 - $nil) was capitalized to exploration and evaluation assets.

9. MANAGEMENT OF CAPITAL

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

9. MANAGEMENT OF CAPITAL (CONTINUED)

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject. There have been no changes to the Company's approach to capital management during the year ended December 31, 2021.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

IFRS 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. The fair value hierarchy has the following levels:

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

Level 2 - inputs other than quoted prices included 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).

Fair Value of Financial Instruments

The Company's financial instruments include cash, other receivables, accounts payable, warrant liability and loans are recorded at fair value. The carrying value of these financial instruments approximates their fair values due to the relatively short periods of maturity of these instruments, with accounts payable being due on normal commercial terms.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2021 and 2020 are as follows:

	2021	**2020**
	$	$
Level 1 - Financial Assets – Cash	894,808	1,891,681
Level 3 - Financial Liabilities -Warrant Liability	481,880	368,891

Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on how the Company mitigates these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is gold and other mineral exploration whose costs are primarily incurred in US dollars.

The Company's expenses are primarily denominated in US dollars. The Company's corporate office is based in British Virgin Islands and current exposure to exchange rate fluctuations is minimal.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

(ii) *Interest rate risk*

Interest risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations. Management believes that the Company is not exposed a significant amount of interest rate risk.

(iii) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high-quality financial institution, accordingly, the credit risk is considered by Management to be negligible.

(iv) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to pay its financial liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities, loan repayments and related party balance obligations. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	2021 **$**	**2020** **$**
Interest paid	-	-
Income taxes paid	-	-
Non-cash transactions		
Retraction of common shares	(7,321,774)	-
Issuance of preference shares	8,131,601	-
Allocation of unit proceeds to Warrants	202,652	-
Share-based compensation included in exploration and evaluation assets	464,674	-

(Expressed in US dollars, except where indicated)

12. SEGMENTAL INFORMATION

The Company's operations are limited to a single industry segment, being mineral exploration and development. Geographic segment information of the Company's assets and liabilities as at December 31, 2021 and 2020 is as follows:

Identifiable assets	**2021**	**2020**
	$	**$**
British Virgin Islands	1,606,451	1,986,131
Eritrea	6,956,332	4,362,833
Total assets	8,562,783	6,358,964

Identifiable liabilities	**2021**	**2020**
	$	**$**
British Virgin Islands	904,250	307,903
Eritrea	356,367	687,564
Total liabilities	1,260,617	995,467

Geographic segmentation of the Company's net loss for the years ended December 31, 2021 and 2020 is as follows:

	2021	**2020**
	$	**$**
British Virgin Islands	(543,801)	(1,728,638)
Eritrea	(231,936)	(141,422)
Net loss	(775,737)	(1,870,060)

13. INCOME TAXES

There are no corporate income taxes in the British Virgin Islands and mining companies in Eritrea are subject to a corporate tax rate of 38%. Non-capital losses are generally carried forward for 5 years. The Company has tax non-capital losses of approximately $373,000 for Eritrean tax purposes which expire from 2026 – 2027. The deferred tax asset related to these losses has not been recognized. In addition, the Company has no other significant tax temporary differences that give rise to deferred tax assets or liabilities.

14. SUBSEQUENT EVENTS

On March 8, 2022, the Company issued 100,000 five year options to a Director with an exercise price of CAD$0.66.

On April 13, 2022, the Company issued 1,868,500 units at CAD$0.75 per unit for gross proceeds of CAD$1,401,375 pursuant to private placement. Each unit consists of one common share and one half of one share purchase warrant exercisable at $1.125 per common share for a period of 18 months. In connection with the private placement, Alpha paid a cash finder's fee payment equal to 6% on a proportion of the units issued.

(Expressed in US dollars, except where indicated)

15. RECAST OF COMPARATIVE FINACIAL STATEMENTS

In preparing the Company's consolidated financial statements for the year ended December 31, 2021, the Company identified that its private placement warrants did not meet the requirements in IFRS to be classified within equity because the warrants have an exercise price that is in a currency different from the functional currency of the Company. As a result, the Company has concluded that the fair value of these warrants should not have been presented within equity, but should be presented as a liability. In these consolidated financial statements, the Company has corrected the presentation by reclassifying the value of the warrants to liabilities from equity.

This reclassification had the following effects on the consolidated statement of financial position as of December 31, 2020:

	December 31, 2021 as reported	**Adjustment**	**December 31, 2020 as recast**
Total liabilities	995,467	368,891	1,364,358
Share Capital	5,926,406	-	5,926,406
Contributed Surplus	1,620,468	(368,891)	1,251,577
Deficit	(2,183,377)	-	(2,183,377)
Total equity	5,363,497	(368,891)	4,994,606
Total liabilities and equity	6,358,964	-	6,358,964

This reclassification did not have an impact on Net Loss and Comprehensive Loss of $1,870,060, Loss per common share (basic and diluted) of $0.04 or on the Company's cash flows from operating activities, investing activities or financing activities as reported in its consolidated statement of cash flows for the year ended December 31, 2020.