



INTERNATIONAL PROSPECT VENTURES LTD.

**Consolidated Financial Statements
For the years ended December 31, 2021 and 2020**

(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Shareholders of International Prospect Ventures Ltd.:

Opinion

We have audited the consolidated financial statements of International Prospect Ventures Ltd. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of net loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our 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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that as at December 31, 2021, the Company has not generated any revenues or cash flows from its operations. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on 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. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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 Anand Beejan.

MNP LLP

Ottawa, Ontario
April 26, 2022

Chartered Professional Accountants
Licensed Public Accountants

MNP

INTERNATIONAL PROSPECT VENTURES LTD.**Consolidated Statements of Financial Position**

(Expressed in Canadian Dollars)

	Notes	As at December 31, 2021	As at December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	7	\$ 445,345	\$ 468,143
Sales taxes recoverable		46,737	11,851
Prepaid expenses and other	8	12,760	5,938
		504,842	485,932
Non-current assets			
Exploration and evaluation assets	9	92,978	625,708
TOTAL ASSETS		\$ 597,820	\$ 1,111,640
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 14,962	\$ 19,371
Due to related parties	13	20,574	77,224
Total liabilities		35,536	96,595
EQUITY			
Share capital	10	4,571,755	3,929,898
Contributed surplus		420,816	353,764
Warrants	10	405,477	214,908
Deficit		(4,835,764)	(3,483,525)
Total equity		562,284	1,015,045
TOTAL LIABILITIES AND EQUITY		\$ 597,820	\$ 1,111,640

Going Concern (Note 2)

On behalf of the Board of Directors,

"Glenn J. Mullan"

(signed Glenn J. Mullan)

Director

"Dr. Robert I. Valliant"

(signed Robert I. Valliant)

Director

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

INTERNATIONAL PROSPECT VENTURES LTD.**Consolidated Statements of Net loss and Comprehensive loss**

(Expressed in Canadian Dollars)

		For the year ended December 31,	
	Notes	2021	2020
Operating expenses			
Exploration and evaluation expenses	13	\$ 187,250	\$ 95,135
Consulting fees	13	120,000	60,000
Professional fees		99,542	78,424
Share-based payments	10	67,052	62,848
Investor relations		38,390	11,706
Office expenses		30,974	19,596
Regulatory and transfer agent fees		27,911	26,727
Director fees		15,737	5,000
Travel and entertainment		6,152	1,781
Impairment of royalty advances		10,000	10,000
Impairment of exploration and evaluation assets	9	742,164	5,380
Operating loss		1,345,172	376,597
Other expenses (income)			
Finance expense		3,036	2,013
Foreign exchange loss		4,353	74
Finance income		(322)	(764)
		7,067	1,323
Net loss and total comprehensive loss for the year		\$ 1,352,239	\$ 377,920
Basic and diluted net loss per common share	11	\$ 0.037	\$ 0.012
Weighted average number of common shares outstanding	11	36,431,836	30,428,439

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

INTERNATIONAL PROSPECT VENTURES LTD.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Notes	Share capital		Contributed Surplus		Warrants	Deficit	Total	
		Number							
Balance on January 1, 2021		33,264,237	\$ 3,929,898	\$	353,764	\$	214,908	\$ (3,483,525)	\$ 1,015,045
Issuance of units under a private placement	10	5,334,999	607,506		-		192,744	-	800,250
Issuance of shares on acquisition of property	9	300,000	49,500		-		-	-	49,500
Issuance of shares on exercise of warrants	10	50,000	8,675		-		(2,175)	-	6,500
Issuance of shares on payment of finders' fees	10	91,000	13,650		-		-	-	13,650
Share issue expenses		-	(37,474)		-		-	-	(37,474)
Share-based payment		-	-		67,052		-	-	67,052
Net loss and comprehensive loss for the year		-	-		-		-	(1,352,239)	(1,352,239)
Balance on December 31, 2021		39,040,236	\$ 4,571,755	\$	420,816	\$	405,477	\$ (4,835,764)	\$ 562,284

		Share capital		Contributed Surplus		Warrants	Deficit	Total	
		Number							
Balance on January 1, 2020		27,103,128	\$ 3,626,666	\$	290,916	\$	-	\$ (3,105,605)	\$ 811,977
Issuance of units under a private placement	10	6,161,109	347,471		-		207,029	-	554,500
Share-based payment		-	-		62,848		-	-	62,848
Share issue expenses		-	(44,239)		-		7,879	-	(36,360)
Net loss and comprehensive loss for the year		-	-		-		-	(377,920)	(377,920)
Balance on December 31, 2020		33,264,237	\$ 3,929,898	\$	353,764	\$	214,908	\$ (3,483,525)	\$ 1,015,045

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

INTERNATIONAL PROSPECT VENTURES LTD.**Consolidated Statements of Cash Flows**

(Expressed in Canadian Dollars)

		For the year ended December 31,	
	Notes	2021	2020
OPERATING ACTIVITIES			
Net loss for the year		\$ (1,352,239)	\$ (377,920)
Adjustments:			
Share-based payments		67,052	62,848
Impairment of royalty advances		10,000	10,000
Impairment of exploration and evaluation assets	9	742,164	5,380
		(533,023)	(299,692)
Change in non-cash working capital items			
Sales taxes recoverable		(34,886)	6,415
Prepaid expenses and other		(6,822)	322
Accounts payable and accrued liabilities		(4,409)	17,927
Due to related parties		(56,650)	(24,479)
		(102,767)	185
Cashflows used by operating activities		(635,790)	(299,507)
INVESTING ACTIVITIES			
Additions to exploration and evaluation assets	9	(169,934)	(88,785)
Advance to related party		-	1,465
Cashflows used by investing activities		(169,934)	(87,320)
FINANCING ACTIVITIES			
Issuance of units under a private placement	10	800,250	554,500
Issuance of shares on exercise of warrants		6,500	-
Share issue expenses		(23,824)	(36,360)
Cashflows from financing activities		782,926	518,140
Increase (decrease) in cash		\$ (22,798)	\$ 131,313
Cash and cash equivalents, beginning of year		468,143	336,830
Cash and cash equivalents, end of year		\$ 445,345	\$ 468,143

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

INTERNATIONAL PROSPECT VENTURES LTD.



Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

1) STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

International Prospect Ventures Ltd. (the "Company" or "International Prospect"), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

The head office of the Company is located at 152 Chemin de la Mine École, Val-d'Or, Québec, J9P 7B6. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9. The Company's common shares are trading on the TSX Venture Exchange under the trading symbol "IZZ".

The Board of Directors approved the audited consolidated financial statements for issue on April 25, 2022.

2) GOING CONCERN

These consolidated financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospecting operations, its projects and continued support of suppliers and creditors. The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any revenues or cash flows from its operations and there is no assurance that the business will be profitable in the future.

These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in the consolidated financial statements and the classification used in the consolidated financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

INTERNATIONAL PROSPECT VENTURES LTD.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)



3) BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and have been prepared using the historical cost convention, as modified by revaluation of certain financial instruments, which are measured in accordance with the policy described in note 5. Accounting policies are consistently applied to all years presented, unless otherwise stated. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

Subsidiaries

These consolidated financial statements include the accounts of International Prospect and its wholly-owned subsidiary, Valroc Ventures Pty Ltd. (“Valroc”), a New South Wales company, located in Australia. Subsidiaries are consolidated where the Company has the ability to exercise control. Control of an investee exists when the Company is exposed to variable returns from the Company’s involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. All intercompany balances, transactions, income and expenses and gains or losses have been eliminated on consolidation.

4) ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company’s consolidated financial statements.

In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 “Business Combinations”, IAS 16 “Property, Plant and Equipment” and IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”) as well as the IASB’s Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2022. Adoption of this standard is currently not expected to have a material impact on the Company’s consolidated financial statements.

INTERNATIONAL PROSPECT VENTURES LTD.



Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

5) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below:

a) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly-owned subsidiary.

b) Foreign currency transactions

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position date, whereas nonmonetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses are translated at the exchange rate in effect at the transaction date. Expenses settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of net loss and comprehensive loss.

c) Segment disclosure

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e., the President and the Board of Directors. The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. The Company's exploration and evaluation assets are located in Canada and Australia.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and demand deposit, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

e) Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of exploration and evaluation costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

INTERNATIONAL PROSPECT VENTURES LTD.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)



5) SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in the consolidated statements of net loss and comprehensive loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in the statement of net loss. When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in the consolidated statements of net loss and comprehensive loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Title to property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Impairment of exploration and evaluation assets

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

INTERNATIONAL PROSPECT VENTURES LTD.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)



5) SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Exploration and evaluation expenditures and exploration and evaluation assets (continued)

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- a) the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- b) no further exploration or evaluation expenditures in the areas are planned or budgeted;
- c) no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- d) sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in the consolidated statements of net loss and comprehensive loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash generating units in prior year.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash or the shares consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in the consolidated statements of net loss and comprehensive loss.

INTERNATIONAL PROSPECT VENTURES LTD.

Notes to Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)



5) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when: (a) there is constructive commitment that has resulted from past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

At December 31, 2021 and 2020, there is no provision in the consolidated statements of financial position.

h) Income taxes

Tax expense recognized in the consolidated statements of net loss and comprehensive loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

INTERNATIONAL PROSPECT VENTURES LTD.

Notes to Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)



5) SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Income taxes (continued)

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred tax expense the consolidated statements of net loss and comprehensive loss, except where they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

i) Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements

The Company has adopted the fair value method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of warrants using the Black-Scholes valuation model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

INTERNATIONAL PROSPECT VENTURES LTD.

Notes to Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)



5) SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Equity (continued)

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the consolidated statements of financial position. The proceeds received from flow-through placements are allocated between shares, warrants and other liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance, then to warrants according to their fair value at the date of issuance and the residual proceeds are allocated to other liability. The liability component recorded initially on the issuance of shares is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

A deferred tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled when eligible expenditures have been incurred and management establishes the intent to make renunciation filings with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

Other elements of equity

Contributed surplus includes charges related to stock options until such are exercised.

Warrants include fair values allocated to the warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital.

Deficit includes all current and prior period retained profits and losses.

Equity-settled share-based payments

The Company operates an equity-settled share-based payments plan for its eligible directors, officers, employees and consultants. The Company's plan does not feature any options for a cash settlement.

INTERNATIONAL PROSPECT VENTURES LTD.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)



5) SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Equity (continued)

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in the consolidated statements of net loss and comprehensive loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Warrants and also Share Capital, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital.

j) Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the same period.

Diluted loss per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and options.

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5) SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial Instruments

Classification

Financial Assets/Liabilities	Classification
Cash and cash equivalents	Financial asset at amortized costs
Due to related parties	Financial liabilities at amortized costs
Accounts payable and accrued liabilities	Financial liabilities at amortized costs

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit or loss ("FVTPL"). For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income ("FVTOCI"). Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net loss and comprehensive loss in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

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5) SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial Instruments (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

6) JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing consolidated financial statements, management undertakes a number of estimates, judgments and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to note 2 for further information.

Uncertainty due to COVID-19

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

INTERNATIONAL PROSPECT VENTURES LTD.

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6) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

In the current environment, the assumptions and judgements made by the Company are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions extends, but is not limited to, the Company's valuation of its Exploration and Evaluation assets, including the assessment for impairment and impairment reversal. Actual results may differ materially from these estimates.

Recognition of deferred tax assets and measurement of income tax expense

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to use the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Corporation's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgement and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statements of net loss and comprehensive loss in the period when the new information becomes available.

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6) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Operating segment

The ability to aggregate the Company's operating segments based on similar economic characteristics requires judgment to be applied and is dependent on entity-specific facts and circumstances.

Estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value of stock options

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the volatility, the probable life of share options granted and the time of exercise of those share options. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the stock options. The expected life of the stock options is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Fair value of warrants

Estimating fair value for warrant requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of warrants. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the warrants. The expected life of the warrant is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

7) CASH AND CASH EQUIVALENTS

	As at December 31,	
	2021	2020
Cash	\$ 395,345	\$ 417,968
Demand deposit	50,000	50,175
	\$ 445,345	\$ 468,143

The deposit is due on demand, bears interest at 0.35% per annum and maturing on October 26, 2022.

INTERNATIONAL PROSPECT VENTURES LTD.



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8) PREPAIDS EXPENSES AND OTHER

	As at December 31,	
	2021	2020
Prepaid expenses	\$ 7,630	\$ 5,723
Other	5,130	215
	\$ 12,760	\$ 5,938

9) EXPLORATION AND EVALUATION ASSETS

The following table presents the additions to exploration and evaluation assets by categories for the years ended December 31, 2021 and 2020:

	As at				As at
	January 1,	Additions	Credits	Impairment	December 31,
	2021				2021
Claim and claim maintenance	\$ 189,246	\$ 150,065	\$ (131)	(295,118)	\$ 44,062
Acquisition	200,000	59,500	-	(226,682)	32,818
Program management	125,374	-	-	(113,804)	11,570
Geophysics	51,926	-	-	(51,926)	-
Geology	54,726	-	-	(50,436)	4,290
Other	4,436	-	-	(4,198)	238
Royalty advances	-	10,000	-	(10,000)	-
	\$ 625,708	219,565	(131)	(752,164)	\$ 92,978

	As at				As at
	January 1,	Additions	Credits	Impairment	December 31,
	2020				2020
Claim and claim maintenance	\$ 130,302	\$ 63,718	\$ -	(4,774)	\$ 189,246
Acquisition	200,000	-	-	-	200,000
Program management	124,713	661	-	-	125,374
Geophysics	51,926	-	-	-	51,926
Geology	40,926	14,406	-	(606)	54,726
Other	4,436	-	-	-	4,436
Royalty advances	-	10,000	-	(10,000)	-
	\$ 552,303	88,785	-	(15,380)	\$ 625,708

INTERNATIONAL PROSPECT VENTURES LTD.



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9) EXPLORATION AND EVALUATION ASSETS (continued)

As part of its ordinary business activities, the Company stakes new claims, files for tenements to enhance existing properties or to pursue new geological ideas, drops claims and/or surrender tenements that are no longer considered to be material based on results, changing commodity prices over time or better suited for the objectives of the Company. For the year ended December 31, 2021, the Company recorded an impairment of \$752,164 (2020 - \$15,380) on Exploration and evaluation assets. This impairment results primarily from the Company surrendering four of its tenements in the Pilbara Region, Western Australia and the Porcupine Miracle Prospect.

The following table presents exploration and evaluation assets by properties:

	As at December 31,	
	2021	2020
Pilbara Region	\$ 88,393	\$ 532,000
Other	4,585	-
Porcupine Miracle	-	93,708
Total	\$ 92,978	\$ 625,708

Pilbara Region – Western Australia

In 2017, the Company and Valroc made an application for eight tenements in the Marble Bar and Nullagine areas of the Pilbara Region, Western Australia (Fortescue Basin). Granting of the exploration licences for all eight properties, which totaled 1,026 square kilometres, was completed in January 2019. As of July 8, 2021, four tenements were surrendered, leaving the Company with four tenements located at the eastern end of the Mosquito Creek Basin (Formation) and covering gold-bearing rocks of the Mosquito Creek and Hardey formations. For the year ended December 31, 2021, impairment charge of \$491,985 (2020 - \$nil) was recognized on the tenements.

Otish/Mistassini Prospect - North Central Québec

The Company owns a 100% interest in the Otish/Mistassini Prospect which comprises of 46 claims covering an area of 2,447 hectares, within four (4) separate claim blocks located in the Province of Québec. For the year ended December 31, 2021, impairment charge of \$61,293 (2020 - \$5,083) was recognized on the property.

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9) EXPLORATION AND EVALUATION ASSETS (continued)

Beartooth Island Prospect - Athabasca Basin, Saskatchewan

On May 6, 2021, the Company announced that it entered into a mining property purchase agreement (the “Agreement”) for the acquisition of the remaining 60% undivided interest in the Beartooth Island Uranium Project (the “Project”). In accordance with the terms of the Agreement, the Company issued 300,000 of its common shares and made a cash payment of \$10,000 to the vendor. With the Company already holding 40% interest, the Company now owns 100% of the Beartooth Island Uranium Project.

The Project, focused on uranium exploration, consists of one mineral claim covering an area of 5,940 hectares located in the northwest portion of the Athabasca Basin in Saskatchewan. Separately, the Company has staked four additional mineral claims that were originally associated with the Project. The four additional mineral claims, and the Project together form the Beartooth Island Uranium Project covering Beartooth Island in Lake Athabasca, and totaling 22,581 hectares. For the year ended December 31, 2021, impairment charge of \$59,500 (2020 - \$nil) was recognized on the property.

Elliot Lake Uranium – Ontario, Canada

The Company, through staking, increased its 100% owned land package in the Elliot Lake Uranium Camp, Ontario, Canada. The new properties bring the total area held by the Company in the Elliot Lake Uranium Camp to nearly 13 square kilometres. For the year ended December 31, 2021, impairment charge of \$30,050 (2020 - \$nil) was recognized on the property.

Porcupine Miracle Prospect - Langmuir Township, Ontario

The Company owns a 100% interest in the Porcupine Miracle Prospect which comprises nine (9) claim cells located in Langmuir Township in the province of Ontario, Canada. The property is subject to a royalty in favor of 2973090 Canada Inc, a company controlled by the President, equal to 3% of net smelter returns. In addition, advance royalty payments of \$10,000 per annum is payable by the Company, which commenced on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty. For the year ended December 31, 2021, an impairment charge of \$103,708 (2020 - \$10,000) was recognized in the property.

10) EQUITY

a) Share Capital

Authorized

Unlimited number of voting common shares without par value.

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10) EQUITY (continued)

Issue share capital

The change in issued share capital for the year was as follows:

	2021		2020	
	Number of shares	Stated Value	Number of shares	Stated Value
Balance on January 1,	33,264,237	\$ 3,929,898	27,103,128	\$ 3,626,666
Issuance of units under a private placement (a)	5,334,999	607,506	6,161,109	347,471
Issuance of shares on acquisition of property (b)	300,000	49,500	-	-
Issuance of shares on exercise of warrants (c)	50,000	8,675	-	-
Issuance of shares on payment of finders' fees (a)	91,000	13,650	-	-
Share issue expenses (a)	-	(37,474)	-	(44,239)
Balance on December 31,	39,040,236	\$ 4,571,755	33,264,237	\$ 3,929,898

2021 transactions on share capital

a) Issuance of Units under a private placement

On June 15, 2021, the Company completed a non-brokered private placement pursuant to which it issued 5,334,999 Units at a per Unit price of \$0.15 for gross proceeds of \$800,250. Each Unit consisted of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share at a per share price of \$0.20 until June 15, 2024, subject to accelerated expiry in certain circumstances. The related fair value method, using the Black Scholes options pricing model, was retained to estimate the fair value of the 2,667,499 warrants with the following assumptions: an expected volatility of 113%, a risk-free interest rate of 0.54%, an expected unit life of 3 years, no expected dividend yield and a share price at date of grant of \$0.16. As a result, the warrants were valued at \$192,744 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

In connection with the non-brokered private placement, the Company issued 91,000 common shares at a per share price of \$0.15 to various arm's length parties in satisfaction of \$13,650 in finder's fees representing 5% of the purchase proceeds received from subscribers introduced to the Company by the finders. The Company also incurred legal fees and regulatory fees of \$23,824 in relation with the private placement.

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10) EQUITY (continued)

2021 transactions on share capital (continued)

b) Issuance of shares for grant of mining option

As described in note 9, the Company issued 300,000 of its common shares, with a fair value of \$49,500, relating to the acquisition of the remaining 60% undivided interest in the Beartooth Island Uranium Project.

c) Issuance of shares from exercise of share purchase warrants

For the year ended December 31, 2021, the Company issued 50,000 of its common shares pursuant to the exercise of 50,000 share purchase warrants for a total consideration of \$6,500.

2020 transactions on share capital

Non-brokered private placement

On June 17, 2020, the Company completed a non-brokered private placement pursuant to which it issued 6,161,109 Units at a per Unit price of \$0.09 for gross proceeds of \$554,500. Each Unit consisted of one common share in the capital of the Company and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share at a per share price of \$0.13 until June 17, 2022, subject to accelerated expiry in certain circumstances.

The related fair value method, using the Black Scholes options pricing model, was retained to estimate the fair value of the 6,161,109 warrants with the following assumptions: an expected volatility of 110%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.15. As a result, the warrants were valued at \$207,029 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

In connection with the financing, finder's fees in the aggregate amount of \$7,935 in cash and warrants to acquire an aggregate 88,161 common shares exercisable at a per share price of \$0.13 until June 17, 2022, subject to accelerated expiry in certain circumstances, were paid to an arm's-length finder who introduced the Company to investors. The Black-Scholes options pricing model was retained to estimate the fair value of the 88,161 non-transferable finders warrants with the following assumptions: an expected volatility of 110.12%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.15. As a result, the warrants were valued at \$7,879 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees and other fees in relation with the private placement for a total of \$28,425.

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10) EQUITY (continued)

Share-based payments

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the TSX Venture Exchange (the "Exchange"); if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange. All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

A summary of changes in the number of incentive stock option for the year ended December 31, 2021 and 2020 is presented as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	3,325,312	\$ 0.12	2,660,312	\$ 0.12
Granted	900,000	0.16	665,000	0.11
Forfeited	(410,000)	0.12	-	-
Outstanding, end of year	3,815,312	\$ 0.13	3,325,312	\$ 0.12
Exercisable, end of year	3,315,312	\$ 0.12	3,325,312	\$ 0.12

Incentive stock options granted in 2021

On September 28, 2021, the Company granted to directors and consultants incentive stock options entitling the purchase 700,000 common shares at an exercise price of \$0.15 per share. The options are exercisable for a period of 3 years until September 28, 2024. The options vest as to 25% immediately and then 25% every three months thereafter. The fair value of the 700,000 stock options has been estimated on the date of issue at \$79,133, of which to date \$56,652 has been expensed, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.15; expected dividend yield: nil; expected volatility: 117.6% risk-free interest rate: 0.96% expected life: 3 years and exercise price at the date of grant: \$0.15 per share.

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10) EQUITY (continued)

Incentive stock options granted in 2021 (continued)

On November 15, 2021, the Company granted to a consultant incentive stock options entitling the purchase 200,000 common shares at an exercise price of \$0.18 per share. The options are exercisable for a period of 3 years until November 15, 2024. The options vest as to 25% immediately and then 25% every three months thereafter.

The fair value of the 200,000 stock options has been estimated on the date of issue at \$21,635, of which to date \$10,400 has been expensed, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.18; expected dividend yield: nil; expected volatility: 117.34%; risk-free interest rate: 1.38%; expected life: 3 years and exercise price at the date of grant: \$0.18 per share.

Incentive stock options granted in 2020

On June 26, 2020, the Company granted to directors, officers and consultants incentive stock options entitling the purchase 665,000 common shares at an exercise price of \$0.115 per share. The options are exercisable for a period of 5 years until June 26, 2025. All options are exercisable immediately. The fair value of the 665,000 stock options has been estimated on the date of issue at \$62,848, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.115; expected dividend yield: nil; expected volatility: 120.06%; risk-free interest rate: 0.31%; expected life: 5 years and exercise price at the date of grant: \$0.115 per share.

The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the incentive stock options. The expected life of the incentive stock options is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

The table below summarizes the information related to outstanding incentive stock options as at December 31, 2021:

Expiry date	Number of stock options outstanding	Weighted Average Exercise price	Weighted Average remaining contractual life	Exercisable Options
February 28, 2024	50,000	\$ 0.170	2.16	50,000
June 17, 2024	390,312	\$ 0.160	2.46	390,312
September 28, 2024	700,000	\$ 0.150	2.75	350,000
November 15, 2024	200,000	\$ 0.180	2.88	50,000
June 26, 2025	665,000	\$ 0.115	3.49	665,000
July 10, 2027	1,315,000	\$ 0.050	5.53	1,315,000
December 12, 2027	495,000	\$ 0.265	5.95	495,000
	3,815,312			3,315,312

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10) EQUITY (continued)

The table below summarizes the information related to outstanding incentive stock options as at December 31, 2020:

Expiry date	Number of stock options outstanding	Weighted Average Exercise price	Weighted Average remaining contractual life	Exercisable Options
February 28, 2024	50,000	\$ 0.170	3.16	50,000
June 17, 2024	450,312	\$ 0.160	3.46	450,312
June 26, 2025	665,000	\$ 0.115	4.49	665,000
July 10, 2027	1,565,000	\$ 0.050	6.53	1,565,000
December 12, 2027	595,000	\$ 0.265	6.95	595,000
	3,325,312			3,325,312

Warrants

A summary of changes in the number of share purchase warrants is presented as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	6,249,270	\$ 0.13	-	\$ -
Granted	2,667,499	0.20	6,249,270	0.13
Exercised	(50,000)	0.13	-	-
Outstanding, end of year	8,866,769	\$ 0.15	6,249,270	\$ 0.13

The table below summarizes the information related to outstanding warrants as at December 31, 2021:

Expiry Date	Exercise Price	Number of warrants outstanding	Exercisable Warrants
June 17, 2022	\$ 0.13	6,199,270	6,199,270
June 15, 2024	\$ 0.20	2,667,499	2,667,499
		8,866,769	8,866,769

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10) EQUITY (continued)

Warrants (continued)

The table below summarizes the information related to outstanding warrants as at December 31, 2020:

Expiry Date	Exercise Price	Number of warrants outstanding	Exercisable Warrants
June 17, 2022	\$ 0.13	6,249,270	6,249,270
		6,249,270	6,249,270

11) LOSS PER SHARE

Loss per share has been calculated using the weighted average number of common shares outstanding for the years ended December 31, 2021 and 2020 as follows:

	For the year ended December 31,	
	2021	2020
Net loss for the year	\$ 1,352,239	\$ 377,920
Weighted average number of common shares - Basic	36,431,836	30,428,439
Dilutive effect of stock options/warrants	-	-
Weighted average number of common shares - Diluted	36,431,836	30,428,439
Basic loss per share	\$ 0.037	\$ 0.012
Diluted loss per share	0.037	0.012

For the years ended December 31, 2021 and 2020, potential dilutive common shares from incentive stock options and warrants have not been included in the loss per share calculation as they would result in a reduction of the loss per share.

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12) INCOME TAXES

Major components of tax expense (income)

The major components of tax expense (income) for the years ended December 31, 2021 and 2020 are outlined below:

	2021	2020
Current tax expense (recovery)	\$ -	\$ -
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(357,574)	(84,225)
Deferred tax expense arising from the write-down of a deferred tax asset	357,574	84,225
	\$ -	\$ -
Total income tax expense (recovery)	\$ -	\$ -

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined income tax rate in Canada and the reported tax expense in the statement of comprehensive loss can be reconciled as follows:

	2021	2020
Loss before income taxes	\$ (1,352,239)	\$ (377,920)
Expected tax recovery calculated using the combined Federal and Provincial income tax rate in Canada of 26.50% (26.50% in 2020):	(358,343)	(100,150)
Tax benefits not recognized	357,574	84,225
Share-based payments	17,769	16,655
Non deductible expenses and other	906	202
Effect of tax rates in foreign jurisdiction	(17,906)	(932)
Deferred tax expense (recovery)	\$ -	\$ -

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12) INCOME TAXES (continued)

Unrecognized deferred tax assets and liabilities

As at December 31, 2021 and 2020, the Company has the following deductible temporary differences for which no deferred tax has been recognized:

	2021		2020	
	Federal	Provincial	Federal	Provincial
Share issue expenses	\$ 56,062	\$ 56,062	\$ 37,473	\$ 37,473
Exploration and evaluation assets	1,148,891	1,148,891	866,515	866,515
Non-capital losses	1,979,125	1,972,621	1,484,902	1,480,469
	\$ 3,184,078	\$ 3,177,574	\$ 2,388,890	\$ 2,384,457

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered.

As at December 31, 2021, the Company has not recognized taxable temporary difference of \$199,021 (2020 - \$199,021) associated with its investment in its subsidiary. The Company has \$94,584 of net operating losses in Australia for 2021 (2020 - \$75,478), which subject to certain conditions, may be carried forward indefinitely.

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the consolidated statements of financial position, that can be carried over the following years:

	Federal	Provincial
2030	\$ 486	\$ 486
2031	96,634	96,634
2032	186,377	186,377
2033	62,075	62,075
2034	66,156	66,156
2035	61,396	61,220
2036	84,321	84,321
2037	296,721	296,721
2038	169,057	168,381
2039	158,458	155,708
2040	289,667	289,239
2041	507,777	505,303
	\$ 1,979,125	\$ 1,972,621

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13) RELATED PARTY BALANCES AND TRANSACTIONS

a) Transactions with a shareholder

Effective July 1, 2020, the Company entered into a Cost Sharing Arrangement (the "Sharing Arrangement") with Golden Valley Mines and Royalties Ltd ("Golden Valley"), a significant shareholder holding a 11.45% (2020 – 13.44%) interest in the Company, pursuant to which Golden Valley will provide certain management and financial services such as office space and administrative support relating to the exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9, in consideration of \$8,919 per year (the "reimbursement"), payable on a monthly basis. The Sharing Arrangement provides for the reimbursement to be reviewed on an annual basis.

For the year ended December 31, 2021, the Company reimbursed Golden Valley the amount of \$8,919 (2020 - \$5,291) relating to this Sharing Arrangement, which were recorded in the consolidated statements of net loss and comprehensive loss.

For efficiency reasons, where the Company and Golden Valley are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at December 31, 2021, the Company had no indebtedness (December 31, 2020 - \$65,782, included in due to related parties) to Golden Valley.

b) Transactions with key management

Key management personnel of the Company comprise of the members of the board of directors, as well as the President and Chief Executive Officer, Chief Operating Officer, Vice President Exploration, and the Chief Financial Officer. The compensation paid to key management is presented below:

- For the year ended December 31, 2021, consultant fees of \$42,000 (2020 - \$21,000) were paid by the Company to 2973090 Canada Inc. ("2973090") a company controlled by a director of the Company, relating to the services of the Company's Chairman of the Board. These fees are recorded under exploration and evaluation expense in the consolidated statements of net loss and comprehensive loss. In addition, as part of a Mining Option Agreement signed on the Porcupine Miracle Prospect, the Company paid an advance royalty payment of \$10,000 (2020 - \$10,000) to 2973090. As at December 31, 2021, the Company had indebtedness of \$4,024 (December 31, 2020 - \$4,024) to 2973090, which is included in due to related parties.
- For the year ended December 31, 2021, consultant fees of \$120,000 (2020 - \$60,000) were incurred by the Company to Ironbark International Limited ("Ironbark") relating to the services of the Company's President and CEO. These fees are recorded under consulting fees in the consolidated statements of net loss and comprehensive loss. As at December 31, 2021, the Company had indebtedness of \$11,300 (December 31, 2020 - \$nil) to Ironbark, which is included in due to related parties.

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13) RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b) Transactions with key management (continued)

- For the year ended December 31, 2021, consultant fees of \$60,000 (for the year ended December 31, 2020 - \$31,975) were incurred by the Company to Caracle Creek International Consulting Inc. (“Caracle”) relating to the services of the Company’s VP Exploration. These fees are recorded under exploration and evaluation expenses in the statement of net loss and comprehensive loss. As at December 31, 2021, the Company had indebtedness of \$5,250 (December 31, 2020 - \$5,250) to the Company’s VP Exploration, which is included in due to related parties.
- For the year ended December 31, 2021, consultant fees of \$60,000 (for the year ended December 31, 2020 - \$30,000) were incurred by the Company to a company controlled by the Chief Operating Officer of the Company for technical services. These fees are recorded under exploration and evaluation expenses in the consolidated statements of net loss and comprehensive loss.
- For the year ended December 31, 2021, director fees of \$15,737 (for the year ended December 31, 2020 - \$5,000) were incurred by the Company. As at December 31, 2021, the Company had no indebtedness (December 31, 2020 – payable of \$2,168, included in due to related parties) to the Company’s director.
- For the year ended December 31, 2021, the Company granted stock options to a director to purchase an aggregate 300,000 common shares of the Company, of which share-based payments of \$24,280 was recorded by the Company. For the year ended December 31, 2020, the Company granted stock options to Directors and Officers to purchase an aggregate 630,000 common shares of the Company, of which share-based payments of \$59,540 was recorded by the Company.

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14) FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the consolidated statements of financial position are as follows:

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	\$ 445,345	445,345	\$ 468,143	468,143
	\$ 445,345	\$ 445,345	\$ 468,143	\$ 468,143

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Accounts payable and accrued liabilities	\$ 14,962	\$ 14,962	\$ 19,371	\$ 19,371
Due to related parties	20,574	20,574	77,224	77,224
	\$ 35,536	\$ 35,536	\$ 96,595	\$ 96,595

The carrying value of cash and cash equivalents, due to related parties and accounts payable and accrued liabilities is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the consolidated statements of financial position are presented in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There have been no significant transfers between Level 1, 2 and 3 in the reporting periods. The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

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15) CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital is to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production either with partners or by the Company's own means or sale.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in note 10 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

16) FINANCIAL RISKS

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of cash of \$445,345 as at December 31, 2021 and \$468,143 as at December 31, 2020. The risk related to cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent.

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16) FINANCIAL RISKS (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Accounts payable and accrued liabilities are due within less than 90 days. The Company's cash significantly exceed the current cash outflow requirements.

17) COMMITMENTS

Exploration Expenditure Commitment

In order to maintain the Company's interest in mining tenements in Australia, the Company is committed to meet the annual minimum expenditure of approximately \$64,000 (or AUD\$70,000) under which the tenements were granted.

18) ADDITIONAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the Consolidated Statements of Cash Flows:

		2021	2020
Issuance of shares on payment of finders' fees	\$	13,650	-
Issuance of shares on acquisition of property		49,500	-

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19) SUBSEQUENT EVENT

Acquisition of 1% net smelter royalty and 100% interest in the West Stewardson Uranium Property

As announced on January 12, 2022, the Company entered into an agreement with Uravan Minerals Inc. (“Uravan”) to acquire a 1.0% net smelter royalty (“NSR”) that covers five mineral dispositions (17,795 ha) held by Cameco Corporation (“Cameco”) and a 100% interest in the West Stewardson Uranium Property (5,251 ha), both located in the Athabasca Basin of northern Saskatchewan (together, the “Property”).

In consideration for the Property, the Company paid cash of \$35,000 and issued 500,000 common shares of its shares to Uravan. The Company paid the finder’s fee to an independent arms-length third party consisting of 21,562 common shares of the Company. Cameco is the holder of the five mineral dispositions that are subject to the NSR and Cameco has an exclusive option to purchase 100% of the NSR for \$500,000.