



Harfang Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the three months ended April 30, 2022

*The attached financial statements have been prepared by Management of
Harfang Exploration Inc. and have not been reviewed by the auditor*

Harfang Exploration Inc.

Consolidated Statements of Financial Position
(Unaudited, in Canadian Dollars)

	Note	As at April 30, 2022 \$	As at January 31, 2022 \$
Assets			
Current assets			
Cash	5	10,267,346	7,264,839
Sales tax receivable		417,193	120,763
Prepaid expenses and others		55,714	-
Current assets		10,740,253	7,385,602
Non-current assets			
Deferred share issuance costs		-	28,836
Deferred transaction costs		-	392,510
Listed shares	4	787,500	78,750
Exploration and evaluation assets	6	8,803,944	1,038,842
Non-current assets		9,591,444	1,538,938
Total assets		20,331,697	8,924,540
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		550,334	529,260
Liability related to the premium on flow-through shares		287,777	402,093
Short term Liability		27,314	-
Total Liabilities		865,425	931,353
Equity			
Share capital		28,084,819	15,985,750
Warrants	7	624,095	607,130
Contributed surplus		1,401,394	1,059,887
Deficit		(10,644,036)	(9,659,580)
Total equity		19,466,272	7,993,187
Total liabilities and equity		20,331,697	8,924,540

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

Harfang Exploration Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Unaudited, in Canadian Dollars)

	Note	Three months ended April 30	
		2022 \$	2021 \$
Operating Expenses			
Exploration and evaluation expenditures, net of tax credits	9	684,343	1,008,313
Salaries and benefits		45,874	51,105
Stock-based compensation	8	235,800	274,890
Consulting and professional fees		83,016	77,577
Office and administrative		26,906	24,373
Travel, conference and investor relations		21,893	8,650
Filing fees		10,909	11,533
Operating expenses		(1,108,741)	(1,456,441)
Other income (expense)			
Interest income		14,436	8,864
Change in fair value – listed shares		(41,250)	17,500
Finance costs – accretion expense		(312)	-
		(27,126)	26,364
Loss before income taxes		(1,135,867)	(1,430,077)
Deferred income taxes recovery		151,411	331,347
Net loss and comprehensive loss		(984,456)	(1,098,730)
Net loss per common share - basic and diluted		(0.02)	(0.04)
Weighted average number of common shares outstanding - basic and diluted	4	54,007,182	29,174,645

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

Harfang Exploration Inc.

Consolidated Statements of Changes in Equity (Unaudited, in Canadian Dollars)

	Note	Number of shares outstanding (note 4 - share consolidation)	Share Capital	Warrants	Contributed surplus	Deficit	Total equity
			\$	\$	\$	\$	\$
Balance at February 1, 2021		29,117,434	13,322,611	1,263,294	382,485	(6,252,520)	8,715,870
Net loss and comprehensive loss		-	-	-	-	(1,098,730)	(1,098,730)
Warrants exercised		44,075	53,058	(15,058)	-	-	38,000
Options exercised		92,790	90,200	-	(42,200)	-	48,000
Stock-based compensation		-	-	-	274,890	-	274,890
Balance at April 30, 2021		29,254,299	13,465,869	1,248,236	615,175	(7,351,250)	7,978,030
Balance at February 1, 2022		32,260,242	15,985,750	607,130	1,059,887	(9,659,580)	7,993,187
Net loss and comprehensive loss		-	-	-	-	(984,456)	(984,456)
Issuances to investors of LaSalle Exploration Corp. as part of the acquisition							
• Common Shares	4	17,739,540	8,029,519	-	-	-	8,029,519
• Replacement stock options	4	-	-	-	105,707	-	105,707
• Replacement warrants	4	-	-	16,965	-	-	16,965
Issuance of shares under private placement	4	7,727,271	4,249,999	-	-	-	4,249,999
Share issuance costs	4	-	(180,449)	-	-	-	(180,449)
Stock-based compensation	8	-	-	-	235,800	-	235,800
Balance at April 30, 2022		57,727,053	28,084,819	624,095	1,401,394	(10,644,036)	19,466,272

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

Harfang Exploration Inc.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

	Note	Three months ended April 30,	
		2022	2021
		\$	\$
Operating activities			
Net loss for the period		(984,456)	(1,098,730)
Adjustments for:			
Stock-based compensation	8	235,800	274,890
Change in fair value – listed shares		41,250	(17,500)
Flow through premium		(151,411)	(331,347)
Finance costs – accretion expense		312	-
Changes in non-cash working capital items			
Accounts receivable		-	(115,000)
Sales tax receivable		(130,941)	(163,615)
Prepaid expenses and others		(36,381)	(25,839)
Accounts payable and accrued liabilities		(693,864)	(62,538)
Cash flows used in operating activities		(1,719,691)	(1,539,679)
Investing activities			
Investment in exploration and evaluation assets		-	(278)
Cash acquired through the acquisition of LaSalle		1,644,143	-
Transaction cost		(241,495)	-
Investments in listed shares	4	(750,000)	-
Cash flows from (used) in investing activities		652,648	(278)
Financing activities			
Private placement	4	4,249,999	-
Share issuance costs	4	(180,449)	(3,800)
Exercise of warrants		-	38,000
Exercise of stock options		-	48,000
Cash flows from financing activities		4,069,550	82,200
Net change in cash		3,002,507	(1,457,757)
Cash – beginning		7,264,839	8,683,053
Cash – ending		10,267,346	7,225,296
Additional information			
Interest received		14,436	8,864
Exploration and evaluation assets included in accounts payable and accrued liabilities		1,920	1,390
Transaction cost included in accounts payable and accrued liabilities		73,126	-
Exercise of warrants credited to share capital		-	15,058
Exercise of stock options credited to share capital		-	42,200

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

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2022

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Harfang Exploration Inc. (the “Corporation” or “Harfang”) was incorporated on March 30, 2010 under the *Business Corporations Act* (British Columbia) and on June 22, 2017, in conjunction with a reverse takeover, continued under the *Business Corporations Act* (Québec). The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under symbol HAR. The Corporation’s head office is located at 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada.

The Corporation, an exploration and evaluation stage company, is in the business of acquiring and exploring mineral properties in Canada. Its focus is currently on the exploration and evaluation of its mineral properties in the James Bay area in the Province of Québec and Ontario for precious metals.

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

These unaudited condensed interim consolidated financial statements (the “Financial Statements”) have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. For the three months ended April 30, 2022, the Corporation reported a net loss of \$984,456 and has accumulated a deficit of \$10,644,036 up to that date. As at April 30, 2022, the Corporation had working capital of \$9,902,142 (\$6,454,249 as at January 31, 2022). From this working capital, the Corporation has to dedicate a total amount of \$1,117,478 to Canadian mining properties exploration activities, pursuant to the terms of the flow-through financings completed on March 31, 2021 by LaSalle Exploration Corp. (“LaSalle”) and June 25, 2021 and November 3, 2021 by Harfang.

Management of the Corporation believes that it has sufficient funds to maintain the status of its current exploration obligations and keep its properties in good standing, to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the ensuing 12 months as they fall due. The Corporation’s ability to continue future operations beyond twelve months and fund its exploration and evaluation expenditures is dependent on management’s ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments. The completion of the non-brokered private placement on June 25, 2021 and November 3, 2021, also a non-brokered private placement of subscription receipts on February 4, 2022 (note 4), contributed to such financing. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the last 12 months, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation.

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2022

(Unaudited, in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These Financial Statements have been prepared in accordance with the *International Financial Reporting Standards* (“IFRS”) as issued by the *International Accounting Standards Board* (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Accordingly, the Financial Statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

The Financial Statements were approved by the Corporation’s Board of Directors on June 29, 2022.

2.2 Basis of Presentation

The Financial Statements should be read in conjunction with the annual financial statements for the year ended January 31, 2022 of the Corporation, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in the Financial Statements are consistent with those of the Corporation’ previous financial year ended January 31, 2022, except for the policy described below.

a) Consolidation

The Financial Statements include the accounts of Harfang and those of its wholly-owned subsidiary LaSalle since the effective date of acquisition on April 13, 2022. All intra-group transactions, balances, income and expenses are eliminated during consolidation. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Corporation.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation’s audited annual financial statements for the year ended January 31, 2022.

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2022

(Unaudited, in Canadian Dollars)

4. AGREEMENT AND RELATED TRANSACTIONS

On January 5, 2022, Harfang and LaSalle entered into an arrangement agreement pursuant to which Harfang agreed to acquire all of the issued and outstanding common shares of LaSalle (the "Transaction") by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) (the "Arrangement"). In addition, on January 5, 2022 and in connection with the execution of the arrangement agreement, the Board of Directors of the Corporation further agreed to amend the stock option plan of the Corporation (the "Plan") to extend the expiry date of certain stock options granted thereunder to a period of up to 12 months following the date on which an optionee ceases to be an "Eligible Person" within the meaning of the Plan, subject to the approvals of the TSX Venture Exchange and the shareholders of the Corporation at its next annual meeting of shareholders.

The Arrangement was approved by the shareholders of LaSalle at a special meeting of the shareholders held on March 30, 2022. The Arrangement was approved by the Supreme Court of British Columbia on April 1, 2022 and closed on April 13, 2022.

The Transaction constitutes the acquisition by Harfang of all the outstanding common shares of LaSalle but does not meet the definition of a business combination under IFRS 3 *Business Combinations*. Accordingly, the Corporation accounted for the Transaction in accordance with IFRS 2 *Share-based Payment*.

On April 13, 2022, immediately prior to the closing of the Transaction, the Corporation performed a consolidation on a 2.1554 for 1 basis of the Corporation's issued equity instruments including common shares, warrants and options (the "Consolidation"). All information with respect to shares and share-based instruments and related per share amounts have been retrospectively adjusted on a 1:2.1554 basis accordingly.

On February 4, 2022, Harfang completed a non-brokered private placement of 7,727,271 subscription receipts (on a post-Consolidation basis) (the "Offering") for an amount of \$4,249,999. The Offering consisted of the issuance of subscription receipts (the "Subscription Receipts") at a price of \$0.55 per Subscription Receipt. The gross proceeds arising from the Offering have been held in escrow by an escrow agent pending completion of the Transaction. Each Subscription Receipt was exchangeable for one post-Consolidation common share of Harfang upon satisfaction of certain escrow release conditions, including the closing of the Transaction. Share issue expenses totalled \$180,449.

In connection with the Transaction, Monarch Mining Corporation ("Monarch") has agreed to participate in the Offering for an amount of \$1,500,000 (the "Monarch Investment"). In connection with the Monarch Investment, and as a condition precedent thereto, Harfang has also agreed, subject to the receipt of the required regulatory approvals, to subscribe for common shares of Monarch for a total amount of \$750,000.

On April 13, 2022, upon completion of the Arrangement, Harfang issued an aggregate of 17,739,540 common shares (on a post-Consolidation basis) to the former shareholders of LaSalle. In addition, the change in control of LaSalle resulted in payments of approximately \$255,000 to former members of management of LaSalle. Also, on April 13, 2022, the total gross proceeds arising from the Offering were released from escrow and each Subscription Receipt was automatically converted into one (1) common share of Harfang (on a post-Consolidation basis) resulting in the issuance of 7,727,271 common shares. In addition, in connection with the closing of the Arrangement, Harfang subscribed for 1,250,000 common shares of Monarch, at a price of \$0.60 per share, for a total amount of \$750,000.

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2022

(Unaudited, in Canadian Dollars)

4. AGREEMENT AND RELATED TRANSACTIONS (CONT'D)

The acquisition of LaSalle has been accounted for as follows:

	\$
Consideration paid⁽¹⁾	
17,739,540 post-consolidation common shares of Harfang issued to LaSalle's existing shareholders ⁽²⁾	8,029,519
942,760 post-consolidation replacement options for common shares of Harfang issued to LaSalle's existing option holders ⁽³⁾	105,707
2,832,253 post-consolidation replacement warrants for common shares of Harfang issued to LaSalle's existing warrant holders ⁽⁴⁾	16,965
Transaction costs paid in cash	625,218
	8,777,409
Net assets acquired:	
Cash	1,644,143
Sales tax receivable	165,489
Prepaid expenses and others	19,333
Exploration and evaluation assets	7,763,182
Accounts payable and accrued liabilities	(750,641)
Liability related to the premium on flow-through shares	(37,095)
Short term Liability	(27,002)
	8,777,409

(1) The consideration paid for the acquisition of LaSalle reflects the shares issued by Harfang on the basis of 0.1813 Harfang Shares (on a post-consolidation basis) for each share, option and warrant of LaSalle outstanding at April 13, 2022.

(2) Based on the 97,846,380 LaSalle common shares outstanding as at April 13, 2022. The price of Harfang shares was based on the closing market value of the shares the previous day of the Transaction.

(3) Based on the 5,200,000 LaSalle share options outstanding as at April 13, 2022. The fair value of the replacement share options was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: risk-free interest rate of 2.26%, average expected volatility of 65%, dividend yield of 0%, average expected life of common share options of 1.85 years and fair value of the post-consolidation Corporation's share of \$0.453.

(4) Based on the 15,621,913 LaSalle share warrants outstanding as at April 13, 2022. The fair value of the replacement share warrants was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: risk-free interest rate of 1.38%, average expected volatility of 51%, dividend yield of 0%, average expected life of common share options of 0.53 year and fair value of the post-consolidation Corporation's share of \$0.453.

5. CASH

The balance on flow-through financing not spent according to the terms of the financings completed on March 31, 2021 by LaSalle and June 25, 2021 and November 3, 2021 by Harfang represents \$1,117,478, as at April 30, 2022, and is included in cash. The Corporation has to dedicate these funds to Canadian mining properties exploration activities by December 31, 2022.

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2022

(Unaudited, in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Mineral properties acquisition costs	As at Feb. 1, 2022	Property acquisitions (note 4)	Net claims acquisitions / renewals	As at April 30, 2022
	\$	\$	\$	\$
Lake Ménarik	551,455	-	1,920	553,375
Ménarik East	114,487	-	-	114,487
Serpent	181,831	-	-	181,831
Lake Fagnant	8,537	-	-	8,537
Lake Aulneau	25,158	-	-	25,158
Lake Tapiatic	22,046	-	-	22,046
Bonfait	29,876	-	-	29,876
La Passe	12,320	-	-	12,320
Taïga	48,356	-	-	48,356
Pontax	19,109	-	-	19,109
Generation	25,667	-	-	25,667
Radisson ⁽¹⁾ , Blackelock ⁽²⁾ , Egan ⁽³⁾ , Selbaie ⁽⁴⁾	-	7,763,182	-	7,763,182
	1,038,842	7,763,182	1,920	8,803,944

Mineral properties acquisition costs	As at Feb. 1, 2021	Net claims acquisitions / renewals	Impairment	As at April 30, 2021
	\$	\$	\$	\$
Lake Ménarik	542,875	-	-	542,875
Ménarik East	104,503	-	-	104,503
Serpent	161,707	-	-	161,707
Lake Fagnant	7,588	-	-	7,588
Lake Aulneau	20,373	1,668	-	22,041
Lake Tapiatic	22,046	-	-	22,046
Bonfait	29,876	-	-	29,876
La Passe	12,320	-	-	12,320
Taïga	48,356	-	-	48,356
Pontax	19,109	-	-	19,109
Generation	35,615	-	-	35,615
	1,004,368	1,668	-	1,006,036

- (1) The Corporation holds one claim block in the James Bay area, Québec called the Radisson property, which were acquired pursuant to an option agreement. The Radisson property is 100% owned by the Corporation subject to net smelter return royalty ("NSR") agreements which include i) a 2% NSR royalty payable to Mr. Gilbert Lamothe and which at any time, the Corporation has retained the right to purchase one-half of the NSR (1%) for \$1,000,000, and, ii) an additional NSR equal to 2% on all minerals mined, produced or otherwise recovered from the property to the beneficiaries of Sunridge Capital Corp. ("Sunridge") in satisfaction of an assignment agreement whereby the original option agreement on the property was acquired by the Corporation from Sunridge. In 2019, the Corporation obtained the right to purchase one-half of the Sunridge NSR (1%) for \$1,000,000.

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2022

(Unaudited, in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

- (2) The Blakelock property is located in the Larder Lake mining district, in northeastern Ontario. The Blacklock property is subject to a 2% NSR on all minerals mined, produced or recovered from the Blakelock property. The Corporation has a buyout option to purchase one half (1%) of the NSR for \$1,000,000 at any time.
- (3) On August 6, 2020, the Corporation entered into a definitive option agreement with four individuals (the "Vendors") to acquire a 100% interest in the Egan Gold property in Ontario. The Corporation can earn a 100% interest in the Egan Gold property by making cash payments of \$80,000 on second anniversary and \$170,000 on third anniversary of signing. The Vendors will receive 200,000 shares of Harfang on the second anniversary and 300,000 shares on the third anniversary of signing. The Vendors retain a 2% NSR of which the Corporation retains the option to buy back one-half (1%) of the NSR at any time for \$1,500,000 and a right of first refusal over the remaining NSR.
- (4) The Selbaie property is located at 80 km west of Matagami, Québec near the old Selbaie Mine (BHP-Billiton). The Corporation holds a 100% interest in the Selbaie property.

7. WARRANTS

Changes in the Corporation's warrants are as follows:

	Three months ended April 30, 2022			Fiscal 2022		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
		\$	\$		\$	\$
Balance, beginning	3,977,404	607,130	1.04	6,167,850	1,263,294	0.97
Issued – replacement (note 4)	2,832,253	16,965	1.00	-	-	-
Exercised	-	-	-	(688,967)	(228,372)	0.86
Expired	(28,843)	-	0.83	(1,501,479)	(427,792)	0.86
Balance, end	6,780,814	624,095	1.02	3,977,404	607,130	1.04

Warrants outstanding and exercisable as at April 30, 2022 are as follows:

Number of warrants outstanding and exercisable	Exercise price	Expiry date
	\$	
1,508,588	0.83	May 25, 2022 (expired)
1,256,700	0.86	June 22, 2022 (expired)
592,699	0.86	July 12, 2022 (extended)
271,950	0.83	July 28, 2022
76,146	0.88	July 28, 2022
2,128,005	1.19	December 8, 2022
734,265	1.32	July 28, 2023
212,461	1.32	August 18, 2023
6,780,814		

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2022

(Unaudited, in Canadian Dollars)

8. STOCK OPTIONS

A summary of changes in stock options are as follows:

	Three months ended April 30, 2022		Fiscal 2022	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		\$		\$
Balance, beginning	1,070,575	0.67	794,516	0.54
Granted – replacement (note 4)	942,760	0.66	-	-
Granted	600,000	0.55	368,841	0.91
Exercised	-	-	(92,782)	0.52
Balance, end	2,613,335	0.64	1,070,575	0.67

Stock options outstanding and exercisable as at April 30, 2022 are as follows:

Number of options outstanding and exercisable	Exercise price	Expiry date
	\$	
120,628	0.54	April 13, 2023
262,885	0.55	April 13, 2023
23,198	0.58	April 13, 2023
172,235	0.83	April 13, 2023
55,674	0.92	April 13, 2023
90,650	0.94	April 13, 2023
362,600	0.55	December 20, 2024
54,390	0.83	September 10, 2026
185,581	0.54	June 22, 2027
55,674	0.54	March 15, 2028
113,670	0.54	July 18, 2028
81,192	0.58	May 27, 2029
121,789	0.54	May 22, 2030
285,332	0.92	February 19, 2031
27,837	0.69	September 28, 2031
600,000	0.55	April 20, 2032
2,613,335		

The Corporation has a stock option plan (the “Plan”). The number of options granted is determined by the Board of Directors. The exercise price of any option granted under the plan shall be fixed by the Board of Directors at the time of grant and shall not be lower than the closing price on the day preceding the grant. The term of the option will not exceed ten years from the date of grant. The options vesting period is determined by the Board of Directors. On July 14, 2021, the shareholders of the Corporation renewed the stock option plan which provides that the maximum number of common shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the common shares outstanding. On January 5, 2022 and in connection with the execution of the arrangement agreement (note 4), the Board of Directors of the Corporation further agreed to amend the stock option plan of the Corporation to extend the expiry date of certain stock options granted thereunder to a period of up to 12 months following the date on which an optionee ceases to be an “Eligible Person” within the meaning of the Plan, subject to the approvals of the TSX Venture Exchange and the shareholders of the Corporation at its next annual meeting of shareholders.

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2022

(Unaudited, in Canadian Dollars)

8. STOCK OPTIONS (CONT'D)

On April 20, 2022, the Corporation granted the CEO with 600,000 options exercisable at an exercise price of \$0.55, valid for 10 years. The options vested 100% at the grant date. Those options were granted at an exercise price over to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$235,800 for an estimated fair value of \$0.393 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 95% expected volatility, 2.83% risk-free interest rate and 10 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

9. EXPLORATION AND EVALUATION EXPENSES

	Three months ended April 30,	
	2022	2021
	\$	\$
Salaries and benefits	117,601	111,921
Geology	39,779	15,571
Analysis	104,632	58,975
Transportation	2,825	5,807
Geophysics	-	30,004
Drilling	416,913	779,779
Lodging and food	1,588	2,856
Supplies and equipment	1,005	2,242
Taxes, permits and insurance	-	1,158
Exploration and evaluation expenditures before tax credits	684,343	1,008,313
Tax credits	-	-
Exploration and evaluation expenditures	684,343	1,008,313