

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

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**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Dated: April 22, 2022

Management’s Responsibility for Financial Reporting:

The accompanying financial report for the year ended December 31, 2021 has been prepared by management using accounting policies consistent with International Financial Reporting Standards (“IFRS”). Other information contained in this document has also been prepared by management and is consistent with the data contained in the annual financial report.

The Company’s certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the financial report and MD&A (together the “filings”) do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the financial report together with the other financial information included in the filings and ensures that management has discharged its financial responsibilities. The Board’s review is accomplished principally through the Audit Committee, which meets periodically to review all corporate filings prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company’s plans and operations included in the “Description of Business” with respect to management’s planned exploration and other activities, and in “Liquidity”, and “Corporate Summary” regarding management’s estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company’s common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economics, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

Description of Business:

BARSELE, SWEDEN:

The Company is engaged primarily in the acquisition, exploration, and evaluation of mineral properties.

The Barsele Property is located 40 km southeast of the town of Storuman in Västerbottens Län, a regional district of northern Sweden approximately 600 km due north of Stockholm. Exploration in the project area has been ongoing for more than 30 years. From 1985 to 2010, a total of 398 diamond drill holes (43,609 metres) have been drilled and in 2006, Northland Resources S.A. (“Northland”) completed a National Instrument 43-101 technical report which contained resource estimates of both indicated and inferred resources and was filed on SEDAR by Northland on April 13, 2006.

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

---

Description of Business (cont'd...):

BARSELE, SWEDEN (cont'd...):

On October 27, 2010, the Company's predecessor company, Orex Minerals Inc. ("Orex") announced the acquisition of the Barsele Project from Northland.

The Central-Avan-Skiråsen (CAS) Zone at Barsele is an orogenic gold deposit, which contains most of the documented gold in the 2006 resource report with a grade similar to other gold deposits in the area. In the CAS Zone, gold mineralization is predominantly within a granodiorite that has been deformed, sheared, and intruded by late-stage quartz veins and ranges in width from 200 to 500 metres, with a strike-extent more than eight kilometres. The Central and Skiråsen Zones have a combined strike length of 1,350 metres and a width of 250 metres. The Avan Zone has a strike length of 1,400 metres and a width varying from 200 to 500 metres. Base metal content of this deposit is typically low.

The Norra Zone, a small, massive sulphide deposit, contains the balance of the gold reported in the 2006 resource report although the overall grade for this deposit is higher than at the CAS Zone. In the Norra Zone, sulphide mineralization is exposed in two open trenches in the centre of the drilled zone. Based on drilling, the footprint of the main mineralized body at Norra is 300 metres in strike-length and 50 metres in width.

In May 2011, Orex initiated a 2,500 line-kilometre airborne geophysical survey of the Barsele Property, performed by SkyTEM Surveys ApS ("SkyTEM") of Denmark. SkyTEM used a helicopter-borne Time-Domain Electromagnetic (TDEM) System which had a transmitter moment of 500,000 NIA to maximize the depth of penetration. The airborne survey yielded high resolution maps of the apparent resistivity/conductivity, total magnetic field, and vertical magnetic derivatives. Following interpretation of the airborne results, in July 2011, Orex reported that there were a significant number of new anomalous targets outside of the known mineralized zones.

In August 2011, Orex engaged Finland-based SuomenMalmiOy ("SMOY") and LeBel Geophysics to conduct ground follow-up surveys. The majority of the new anomalous targets lie outside of the known mineralized zones. Initially 12 gold targets and 25 VMS targets were outlined as warranting follow-up by way of geological examination, and ground magnetic and induced polarization (IP) and electromagnetic (EM) surveying. SMOY carried out IP surveying, toward detection of the disseminated-style of mineralization associated with the Central, Avan and Skiråsen Zones at Barsele, wherein, gold mineralization is associated with non-magnetic dioritic intrusive rocks, indicated by magnetic lows. A total of 30 line kilometres was completed in four areas.

In addition, nine VMS targets were surveyed by LeBel Geophysics, utilizing a very low frequency (VLF) EM method, which has proven efficient and successful in characterizing the airborne EM VMS targets. A total of 30 line-kilometres was completed. Preliminary analysis of the VLF-EM surveying suggests an extension of the Norra base/precious metal deposit and shows other VMS targets with favourable geophysical signatures with respect to VMS-style mineralization. Examination of government archives revealed a historic high-grade float boulder discovered within the property grading 33 g/t gold and 7% zinc, which is believed to be associated with one of the anomalies located up-ice within the claims.

After completing the initial phase of ground geophysics, in November 2011, Orex commenced diamond drilling to test both the strike extensions and depth potential of the deposits outlined to date. ProtekNorr AB of Skellefteå, Sweden, was retained to conduct a 6,200 metre diamond drill program. In this first phase of drilling, 16 holes were completed; 12 in the Central Zone and 4 in the Avan Zone. The assay results from the Central Zone expanded the boundaries of the known mineralization, both laterally and vertically.

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**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

---

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In fiscal 2013, Orex reached an alternative payment arrangement with Barsele Guld with regards to its outstanding deferred consideration obligations. The amended payment terms were as follows:

- (a) Upon receipt of TSX Venture Exchange approval, US\$250,000 in cash and 4,000,000 common shares of Orex.
- (b) On or before December 31, 2013, US\$1,750,000 in cash.

Finally, on October 21, 2013, the terms were altered in that the deferred consideration valued at \$3,974,406 was settled. The value of \$3,974,406 was an increase of \$150,374 from April 30, 2013 due to interest expense of \$64,833 and foreign exchange of \$85,541. The balance was settled with the issuance of 7,500,000 shares of Orex valued at \$1,912,500, and cash of \$257,615 (USD 250,000). As a result, Orex recorded a gain on settlement of deferred consideration in the amount of \$1,804,291. Closure of this amended agreement, giving Orex 100% ownership of the Barsele Project, was announced in a news release dated October 21, 2013.

Total drilling at the end of October 2015 on the Barsele Project equaled 49,809 metres in 414 drill holes.

On February 23, 2015, Orex announced a Letter of Intent for a joint venture on the Barsele Project with Agnico Eagle Mines Ltd. ("Agnico Eagle"). On August 6, 2015, Orex announced an arrangement agreement to spin out its interest in the Barsele Project to a wholly-owned subsidiary Barsele Minerals Corp. ("the Company"). Completion of the spin out was announced on September 25, 2015. Orex retains a two percent (2%) net smelter royalty on the Barsele project.

On September 25, 2015, the Company was transferred from Orex, a 45% interest in the Barsele Project which include Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV"). The project is now a joint venture transaction with Agnico Eagle Mines Limited with respect to the Company's Barsele Project. As part of the joint venture agreement, Agnico Eagle has committed to spend US \$7 million on Project expenditures over three years and will earn an additional 15% interest in the corporate entity, which owns the Project, if it completes a pre-feasibility study.

On October 28, 2015, the Company announced that an exploration program for the Barsele Project had been approved by Agnico Eagle and the Company, with Agnico Eagle serving as operator, under the guidance of a joint venture technical committee. The 2015 exploration budget totals approximately US\$ 3.25 million and commenced immediately upon announcement.

Diamond drilling around the existing resource areas, plus along down-plunge extensions was planned for approximately 12,300 metres utilizing four drilling rigs. Additional trenching, structural mapping, till sampling, hyperspectral imaging, plus metallurgical and environmental studies are also underway.

Progress updates on the Barsele Project exploration were distributed on February 29, 2016, April 13, 2016, and May 4, 2016. (Barsele Minerals Corp. news releases). Since October 2015, Agnico Eagle has drilled a total of 25 holes in the Barsele Central and Skiråsen Zones for 13,264 metres as per Agnico Eagle update summary drafted April 29, 2016. On February 29, 2016, the Company announced an intercept in the Skiråsen Zone, hole CNT15016, of 112 metres core length (estimated 84 metres true thickness) grading 2.01 g/t gold. This hole is located 650 metres southeast of the Central Zone. A highlight of the April 13<sup>th</sup>, 2016 news release is an intercept in the Skiråsen Zone, SKI-15001, of 61 metres core length (estimated 45.75 metres true thickness grading 1.61 g/t gold).

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**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
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---

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A highlight from the May 4, 2016 news release was a recognition that the Central and Skiråsen gold zones are connected. The combined Central-Skiråsen Zone has a strike length of approximately 1,400 metres and extends from surface to a depth of at least 540 metres, ranging in width from 10 to 150 metres. Mineralization remains open at depth and along strike.

A highlight from the July 14, 2016 news release was a drill intercept from hole SKI-16006 of 69.8 meters grading 1.31 g/t gold, including 25.7 meters grading 2.17 g/t gold from the Skiråsen Zone. This intercept extends the known Skiråsen mineralization by approximately 200 meters down plunge from the 78.8 m intercept in hole SKI-16005.

A highlight from the August 2, 2016 news release was a drill intercept from hole SKI-16007 of 33.0 meters grading 4.08 g/t gold uncut (1.87 g/t gold cut). Drilling in the first half of 2016 totals 8,807 meters and a cumulative total of 17,192 meters has been drilled since the beginning of the joint venture in October 2015.

Highlights from the September 12, 2016 news release relates to drilling along the Avan Zone, where drill hole AVA16-005 intersected 6.0 meters grading 16.20 g/t gold and 26.00 meters grading 2.22 g/t gold and drill hole AVA16-007 intersected 33.40 meters grading 1.68 g/t gold and 8.00 meters grading 3.23 g/t gold.

Highlight results from the October 27, 2016 news release included the extension of the Central Zone 175 meters northwest toward the Avan Zone, where drill hole CNT16-001 intersected 27.00 meters grading 1.80 g/t gold and CNT16-002 intersected 134 meters core length grading 1.11 g/t gold, including 39.00 meters grading 2.41 g/t gold. It was also announced that Agnico Eagle Mines Ltd., increased their Barsele 2016 exploration budget by \$US2.5 million dollars. Planned drill meterage has increased from 19,000 to 36,000 meters.

Highlight results from the November 23, 2016 news release was the confirmation that joint venture partner Agnico Eagle Mines Ltd. had fulfilled its expenditure commitment of \$US7 Million dollars, ahead of the June 11, 2018 deadline.

Highlight result from the December 14, 2016 news release was the result of expansion drilling extending the Central Zone mineralization 345 meters WNW towards the Avan Zone, with hole CNT 16011 yielding 23.0 meters grading 7.90 g/t gold at 559 meters depth.

Highlight results from the January 17, 2017 news release were conversion hole SKI16010 adding continuity to the Skiråsen Zone with 6.0 meters grading 33.46 g/t gold, plus 178.0 meters grading 1.68 g/t gold, plus expansion hole CNT16017 yielding 31.0 meters grading 2.65 g/t gold.

On February 21, 2017, the Company provided a news release with the announcement that Agnico Eagle has prepared an updated mineral resource estimate for Barsele.

On February 27, 2017, the Company announced that they had retained AMEC Foster Wheeler for a resource review.

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ANNUAL REPORT TO SHAREHOLDERS  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

---

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Highlight results from the March 6, 2017 news release was the result that validation hole AVA16024 extends Avan mineralization 375 meters NW of the known Avan Zone, plus conversion hole SKI16015 yielded 31.0 meters grading 2.29 g/t gold and conversion hole CNT 16032 yielded 92.0 meters grading 1.63 g/t gold.

The highlight result from the April 4, 2017 news release was infill hole SKI17003 yielding 8 gold intercepts, including 4.0 meters grading 60.18 g/t gold and extending Skiråsen mineralization to 595 meters' depth.

The highlight result from the May 9, 2017 news release was expansion hole SKI16002 yielding 13.0 meters grading 2.15 g/t gold and extending Skiråsen mineralization an added 100 meters to 695 meters' depth, with the gold mineralized system remaining open down plunge to the southeast.

The highlight result from the June 21, 2017 news release was expansion hole CNT17006 that yielded 25.0 meters grading 5.34 g/t gold outlining 100 meters of potential extension to a high-grade intersection first encountered in hole CNT16011.

The highlight result from the September 19, 2017 news release was infill hole CNT17012 that yielded 19.75 meters grading 5.07 g/t gold, indicating continuity along the 100-meter gap between the Central and Skiråsen zones.

Highlights from the October 19, 2017 news release, include the result of metallurgical testing that yielded approximately 92 percent gold recovery, plus drilling at Risberget, 3.7 kilometres to the east-southeast of Skiråsen, that yielded four significant gold hits, with a best result of 15.3 meters grading 1.87 g/t gold.

Highlights from the November 21, 2017 news release include positive results from both gold and massive sulphide targets with expansion hole CNT17020 yielding 21.0 meters grading 2.96 g/t gold. A regional surface till sampling program was carried out during the summer months. This work has resulted in a broad area with anomalous precious and base metal responses in the northern third of the property, several kilometers to the north of existing drilling. As the Barsele Project was originally discovered using till sampling, these results are considered significant.

Highlights from the January 3, 2018 news release include holes from the Risberget area including RIS17007 that yielded 32.0 meters grading 2.92 g/t gold and RIS17005 that yielded 1.0-meter grading 248.0 g/t gold. At the Norra VMS target area hole NOR17007 yielded 9.5 meters grading 1.40 g/t gold, 10.54 g/t silver, 1.61% zinc. In the Central gold zone, drill hole CNT17028 yielded the deepest gold intersection to date, with 12.0 meters grading 3.61 g/t gold at a midpoint depth of 875 meters below surface. During the month of November 2017, four diamond drilling machines were operational within the property. Three infill drill holes and ten regional exploration drill holes were completed during the month, with three drill holes ongoing at month's end. Twelve holes are reported in this news release of which two are expansion and six are infill, and two are VMS related tests at Norra and two are regional tests at Risberget.

Highlights from the January 18, 2018 news release include a hit from hole SKI17009 from the Skiråsen Zone, that yielded 95.0 meters grading 1.63 g/t gold, including 30.0 meters grading 2.10 g/t gold. At Avan, hole AVA17034 has extended two gold lodes by 150 meters with a highlight hit of 12.0 meters grading 2.37 g/t gold. Recent drilling has expanded the Risberget gold potential zone from 250 meters to 1,300 meters.

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**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

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BARSELE, SWEDEN (cont'd...):

On March 27, 2018 the Company news release provided an update for December 2017 and January 2018 operations on the Property, including 23 holes of diamond drilling results. Drilling by two machines during January completed 1,555.9 metres total. At the Skiråsen Zone, highlight results include hole SKI17015 which cut seven mineralized zones with highlight hits of 11.0 metres core length (estimated 6.0 metres true thickness) grading 4.18 g/t gold at a midpoint depth of 520 metres below surface plus 22.0 metres core length (estimated 12.0 metres true thickness) grading 1.88 g/t gold at a midpoint depth of 565 metres below surface and 4.0 metres core length (estimated 2.2 metres true thickness) grading 3.96 g/t gold at a midpoint depth of 615 metres below surface.

On April 12, 2018, the Company filed on SEDAR an updated mineral resource estimate report entitled "NI 43-101 Technical Report and Mineral Resource Estimate on the Barsele Property" with an effective date of February 15, 2018 for the Avan-Central-Skiråsen gold zones at Barsele, with 15,279,000 tonnes at 2.91 g/t gold, containing 1,427,000 Inferred ounces and 2,399,000 tonnes at 2.50 g/t gold containing 193,000 Indicated ounces (all at a 1.75 g/t gold cut-off grade). Carl Pelletier, P. Geo., B.Sc., of InnovExplo Inc., of Val d'Or, Quebec takes responsibility as Qualified Person for this mineral resource estimate.

On April 16, 2018 the Company news release contained information regarding the February 2018 drilling and results, which included two diamond drilling machines operating on the Property, for a total of 2,598.9 metres drilled. At the Skiråsen Zone, highlight results include hole SKI17016 which intersected gold mineralization that averaged 2.43 g/t gold uncut (1.86 g/t gold cut) along a core length of 176.0 metres (333.00 metres to 509.00 metres downhole). As project operator, Agnico Eagle has developed a community relations program to engage the various stakeholders in the Barsele Project area. Basic environmental assessment and surface water characterization, species studies and hydrogeology studies are ongoing.

On July 5, 2018, the Company announced an operational update for March through May 2018. Four drills became operational on April 10, 2018. As of the end of May 2018, 18,252 meters of core has been collected from 43 drill holes since drilling resumed in early January 2018. Highlight hits, include Avan drill hole AVA18003, that intersected 9.0 metres core length grading 35.72 g/t gold uncut (5.58 g/t gold cut) at a midpoint depth of 200 metres below surface. AVA18001 cut four gold zones with a best hit of 17.4 metres core length grading 2.54 g/t gold and NOR18007 along the Stentjärnen trend, parallel to Avan-Central- Skiråsen zones, cut 3.2 metres grading 2.97 g/t gold.

On August 13, 2018 the Company announced drill results for the month of June, that include drill hole SKI18003B from the Skiråsen Zone that yielded an intercept of 27.0 metres grading 4.12 g/t gold, while SKI18002 cut six gold zones with a best hit of 9.0 metres grading 3.76 g/t gold and SKI18003 cut 2.0 metres grading 29.17 g/t gold. At the Avan Zone, hole AVA18006 cut 24 metres grading 3.76 g/t gold. At the Central Zone, hole CNT18006 cut 3.0 metres grading 11.12 g/t gold. From January through June 2018, total meterage drilled equalled 21,717 metres from 50 completed core holes.

On September 20, 2018 the Company announced drill results for the month of July, that include expansion drill hole SKI18004 at the Skiråsen Zone that intersected nine mineralized intervals including 26.55 metres grading 2.43 g/t gold, plus 5.0 metres grading 4.0 g/t gold, plus 14.0 metres grading 4.97 g/t gold, while SKI18005 cut 5.0 metres grading 3.35 g/t gold. At the Central Zone, expansion hole CNT18005 cut 5.0 metres grading 4.71 g/t gold, while CNT18007B cut nine mineralized intervals, including 11.0 metres grading 2.30 g/t gold. From January 2018 through July 2018, total meterage drilled equalled 23,127 metres from 53 completed core holes.

On November 14, 2018, the Company announced drill results for the month of August, that include expansion drill hole SKI18007 at the Skiråsen Zone that intersected five mineralized intervals, including a best intercept of 15.0 metres grading 3.74 g/t gold. At the Central Zone, infill drill hole CNT18009, cut 57.0 metres grading 1.60 g/t gold and infill drill hole CNT18008 intersected 58.1 metres grading 1.37 g/t gold. From January 2018 through August 2018, total meterage drilled equalled 27,346 metres from 66 completed core holes.

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

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Description of Business (cont'd...):

BARSELE, SWEDEN (cont'd...):

On January 31, 2019, the Company announced remaining results from the drilling of the Avan-Central-Skiråsen zones, with expansion hole AVA18013 at the Avan Zone, intersecting 21.0 metres grading 3.68 g/t gold, while expansion hole AVA18012 cut 16.0 metres grading 2.76 g/t gold. At the Central Zone, expansion hole CNT18012 cut 25.0 metres grading 1.79 g/t gold. Additionally, at Risberget, regional hole RIS18002 cut 9.0 metres grading 1.98 g/t gold and regional hole SKI18009 cut 22.0 metres of semi-massive sulphides. Drilling during 2018 totalled 34,998 metres. Since drilling commenced in late 2015, a total of 135,142 metres of drilling has been completed.

On February 21, 2019, the Company announced an updated mineral resource estimate on the Barsele Property with an effective date of February 14, 2019. The study concludes that diamond drilling to date along the Avan-Central-Skiråsen gold zones at a 0.50 g/t gold cut-off for a pit constrained extraction mining method and a 1.50 g/t gold cut-off for a bulk underground extraction mining method and a 1.80 g/t gold cut-off for a selective underground extraction mining method, has in combination, outlined an Inferred Resource of 25,495,000 tonnes grading 2.54 g/t gold (2,086,000 ounces of contained gold) and an Indicated Resource of 5,578,000 tonnes grading 1.81 g/t gold (324,000 ounces of contained gold). Harold Brisson, P. Eng. and Carl Pelletier, P. Geo., B.Sc., both from InnovExplo Inc., of Val d'Or, Quebec have taken responsibility as Qualified Persons for this mineral resource estimate.

On April 2, 2019, the Company announced the filing of the Barsele Gold Project NI 43-101 Technical Report on SEDAR. The report has been prepared in accordance with Canadian Securities Administrators' National Instrument 43-101 and a copy of the report may be found under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.barseleminerals.com](http://www.barseleminerals.com).

On August 6, 2019, the Company announced drill results for the months January through June 2019 that include "VMS" drill holes NOR19006 that cut 3.4 metres grading 9.96 g/t gold, 6.34% zinc, 1.72% copper, 94.61 g/t silver, plus NOR19007 that cut 5.0 metres grading 5.09 g/t gold, 41.85 g/t silver, plus NOR19008 that cut 12 metres grading 11.04 g/t gold, 1.44% zinc, 0.29% copper, 74.22 g/t silver, plus NOR19009 that cut 10.0 metres grading 8.86 g/t gold, 5.17% zinc, 1.51% copper, 78.63 g/t silver.

For the 2019-year, meterage drilled at Barsele totaled 12,310 metres in 56 completed core holes. Since assuming management of the Project in 2015, Agnico Eagle has drilled a total of 147,452 metres of overburden penetration and core collection from a total of 367 core holes. Hole AVA19007 yielded 1.0-meter grading 6.57 g/t gold and extended the Avan-Central-Skiråsen gold zones, 600 metres to the northwest, for a known strike length approaching 3.6 kilometres. Regional VMS hole AVA19005 yielded 21.55 metres grading 0.18% zinc, 2.50 g/t silver and Expansion VMS hole NOR19022 yielded 0.80-meter grading 3.89 g/t gold, 0.12% zinc.

Early in 2020, the proposed plans for the annual exploration campaign were successfully approved by the local Saami Village and sent to the County Administration Board, the Mining Inspectorate, and affected landowners. Between January 1 and April 30, Agnico Eagle personnel and certain contractors have been carrying-out office related and field specific exploration activities at a number of exploration sites. Base of till sampling by a contractor has been ongoing. Ground gravity surveying by a contractor has been partially completed, with more work required later in the year. Ground magnetic surveying is being carried out by Agnico Eagle-site personnel and is ongoing. It is planned to initiate a large surface till sampling campaign, utilizing site personnel, in the coming weeks. Utilizing previously collected data, lithochemical reinterpretation of all pre-2020 base of till data is in progress. In addition, base-metal/gold association studies are being carried out toward vectoring in on sectors of the Avan-Central-Skiråsen zones with superior gold grades, as well as studies of high-grade gold associated with certain alteration minerals and structures. Planned diamond drilling on gold and VMS targets will be delayed for a few months because of restrictions due to COVID-19 and commencement of drilling is dependent on how the COVID-19 situation develops.

On May 27, 2020, the Company provided an update on project activities. Surface exploration and data analysis has been ongoing since January. The 2020 work plan has been approved by the Saami Village and sent to the County Administration, Mining Inspectorate, and landowners. The 2020 planned diamond drilling has been delayed for a few months due to COVID-19 concerns. There is ongoing data review and research for high-grade gold vectors, within the large gold-bearing system.

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**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

---

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The initial 25 Base of Till holes have been completed. Ground gravity surveying has been completed in some project sectors, with more work planned. The ground magnetic surveying has been continuously carried out and is ongoing. Lithochemical studies of core sample results and base of till sample results is ongoing. A high-density surface till sampling campaign is planned for the summer months. Stringent COVID-19 protocols have been enforced to keep workers and people in the surrounding community safe.

On July 20, 2020, the Company announced the resumption of diamond drilling activities, with actual coring underway on July 14<sup>th</sup>. Drilling would probe "Orogenic Gold" and Massive Sulphide targets. Drilling would test for the continuity and extensions of higher-grade intercepts within and between the Avan and Central zones. In addition, early-stage spectrographic Ore/Waste studies were initiated. Stringent COVID-19 protocols have been enforced in order to keep workers and people in the surrounding community safe.

On October 28, 2020, the Company announced that infill drill hole AVA20002 intersected 11.2 metres grading 5.36 g/t gold. Additionally, expansion drill hole AVA20001 cut 2.0 metres grading 3.41 g/t gold, plus 5.0 metres grading 2.39 g/t gold. Two drills turned during the month of September, testing for both "Orogenic Gold" and Volcanogenic Massive Sulphide "VMS" targets. Base of till sampling yielded positive results up to 2.49 g/t gold. Extensive MEFFA (multi element fine fraction analysis) sampling combined with automated XRF scanning has yielded anomalous multi-element results. Ongoing drilling would test for continuity and extensions of higher-grade intercepts within the Avan and Central zones, as well as regional "Orogenic Gold" and "VMS" targets. Stringent COVID-19 protocols have been maintained.

On November 11, 2020, the Company announced drill hole AVA18003 extension intersected 5.0 metres grading 84.0 g/t gold, including 0.65 metre grading 647.30 g/t gold. High-grade (Bonanza-style) expansion drilling has been successful in probing for "Fracture Sets" outside the current Wireframe model. Diamond drilling continued through the month of October, testing both "Orogenic Gold" and "VMS" targets. MEFFA testing has yielded several anomalous gold values up to 33 ppb, in an area with strong anomalous arsenic response. Additional channel sampling toward future ore-sorting/metallurgical testing has been carried out along three different surface exposures within the broad area of surface trenching. Diamond drilling from July 14, into early November, within the 46,991-hectare property totals 7,893 metres in 37 completed core holes. Since late 2015, a total of 155,345 metres of overburden penetration and core collection has been tabulated from a total of 404 drill holes. The Agnico Eagle crew has maintained stringent COVID-19 protocols.

On December 7, 2020, the Company announced expansion drill hole AVA18004 extension intersected 11.6 metres grading 3.22 g/t gold, including 0.60 metre grading 30.30 g/t gold and 3.0 metres grading 8.30 g/t gold. Additionally, Central expansion hole CNT20006 intersected 6.0 metres grading 4.69 g/t gold, and Avan expansion hole AVA20004 intersected 10.0 metres grading 2.43 g/t gold, including 3.0 metres grading 6.80 g/t gold. High-grade (Bonanza-style) expansion drilling continues to be successful in probing for "Fracture Sets" outside the current Wireframe model. Extensive MEFFA surface till sampling combined with automated XRF scanning of 13,758 field samples has yielded numerous anomalous responses warranting follow-up. Cumulative Base of till sampling totals 156 holes for the 2020 work year. A total of 741 gravity stations had measurements collected in 2020. A total of 765 kilometres of Magnetic surveying was completed during 2020 and is ongoing. Shallow drill testing at a new target named Bastuträsk yields gold values. Stringent COVID-19 protocols are being enforced, to keep the workers and the people living in the surrounding community safe.

On December 16, 2020, the Company filed an amended technical report, entitled "NI 43-101 Technical Report and Mineral Resource Estimate (Amended) for the Barsele Property" (the "**Amended Technical Report**") and an annual information form, for the year ended December 31, 2019 (the "**Amended AIF**"). The Amended Technical Report and the Amended AIF address comments raised by the British Columbia Securities Commission (the "**BCSC**") in the course of a review. The Amended Technical Report contains no material differences from the original technical report filed on April 2, 2019. The Amended AIF incorporates the executive summary from the Amended Technical Report and contains no material differences to the original annual information form for the year ended December 31, 2019 filed on October 28, 2020. The BCSC review is now complete.



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**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

---

Description of Business (cont'd...):

BARSELE, SWEDEN (cont'd...):

The report has been prepared in accordance with Canadian Securities Administrators' National Instrument 43-101 and a copy of the report may be found under the Company's profile at [www.sedar.com](http://www.sedar.com), and on the Company's website at [www.barseleminerals.com](http://www.barseleminerals.com).

On January 19, 2021, the Company announced regional drill hole BAS20007B at newly discovered Bastuträsk intersected 0.70 metres grading 32.20 g/t gold, including 0.12% nickel, 0.08% copper and 0.05% cobalt. Additionally, regional "Orogenic Gold" hole RIS20003 between Skiråsen and Risberget intersected 1.0 metre grading 4.10 g/t gold. Regional "VMS" hole SKL20001 intersected 0.50 metre grading 3.25% zinc, 0.15% lead and 10.96 g/t silver. Bastuträsk regional hole BAS20002 intersected 1.65 metres grading 5.80 g/t gold and Avan expansion hole AVA20008 intersected 1.0 metre grading 7.80 g/t gold. Recent drilling at the Avan Zone has outlined some new potential lodes that lie parallel and sub-parallel to the current resource. Scout drilling at Bastuträsk to date, has outlined a ~300 metre by ~300 metre area, roughly 4.8 kilometres east-northeast from the Avan-Central-Skiråsen zones requiring follow-up testing. Eighty-seven channel samples collected from the Central Zone trench, plus drill core from the Avan and Skiråsen zones will be submitted for ongoing ore sorting studies. Water sampling at 18 watercourses and three lakes, plus water flow measurements in 5 creeks is ongoing. Stringent COVID-19 protocols are being enforced, in order to keep the workers and the people living in the surrounding community safe.

On March 12, 2021, the Company announced that it had executed a non-binding letter of intent ("LOI") with Agnico to acquire Agnico's indirect 55% interest in the Barsele Project (the "Proposed Transaction"). The Proposed transaction is subject to corporate and regulatory approvals including approval from the TSX Venture Exchange.

The LOI provides that the Company and Agnico will negotiate and enter into a definitive purchase and sale agreement containing customary terms and conditions for a transaction of its nature, whereby the Company will acquire Agnico's 55% indirect interest in Gunnarn Mining AB. The purchase price payable by the Company to Agnico will consist of the following:

- (i) a cash payment of US\$45,000,000 (the "Cash Amount"), with the option, at the Company's election, to settle a portion of the Cash Amount through a vendor-take-back note
- (ii) the issuance of common shares of the Company such that Agnico will hold 14.9% of the Company's common shares upon the closing of the Proposed Transaction (the "Consideration Shares")
- (iii) the issuance of warrants exercisable into 6,000,000 common shares of the Company (the "Warrants"). Each Warrant will have a five-year term and will entitle Agnico to purchase one common share of the Company at an exercise price equal to the greater of:
  - i. \$1.25
  - ii. a 20% premium to the twenty-day volume weighted average price of the Company's common shares immediately prior to the date of issuance of the Warrant, and
  - iii. in the event that the Company issues convertible debt in connection with its financing of the Cash Amount, the conversion price of such convertible debt.
- (iv) a 2% net smelter return royalty on all minerals produced from the Barsele Project (the "NSR"); and
- (v) a contingent value right with respect to future gold mineral reserves and mineral resources identified at the Barsele Project

On June 7, 2021, the Company announced an operational update and the resumption of diamond drilling activities. Coring was initiated on June 2, 2021, toward a 25-hole, 3,000-meter campaign. Various targets to be tested included both Orogenic Gold and Massive Sulphide, with target selection enhanced through use of geophysics and surface till and basal till sampling. Preliminary ore sorting studies have indicated Avan-weak, Central-medium and Skiråsen-good ore sorting potential.

On November 1, 2021, the Company announced the termination of the LOI in accordance with its terms. The termination of the LOI was the result of current market conditions which have made it difficult to meet the requirements of the LOI.

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

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Description of Business (cont'd...):

BARSELE, SWEDEN (cont'd...):

On November 10, 2021, the Company announced that effective September 30, 2021, the Swedish Geological Survey has designated the land area hosting the Avan-Central-Skiråsen “Orogenic Gold” system, as well as the land area surrounding the Norra “VMS” deposit, a land and water area of National Interest under Chapter 3, Section 7 of the Swedish Environmental Code (MB). This National Interest area comprises 685 hectares. The National Interest designation of valuable substances or materials serves as a planning instrument and provides guidance to the general public and relevant planning authorities that valuable substances or materials of National Importance occur in the area, and consequently must be protected against significant encroachment or restrictions for future mining activities. This is a positive step in an evolving permitting process, with more work to be done.

On December 21, 2021, the Company announced that regional exploration including 3,094 metres of diamond drilling in 18 completed core holes, during the 2021 exploration campaign, has outlined several new prospective target areas within the 34,533-hectare property. At Bastuträsk, Regional hole BAS21001 intersected basalt with a 0.90 metre interval grading 1.66% zinc, 0.12% lead. Regional hole BAS21004 intersected mainly brecciated basalt and yielded 0.45 metre core length grading 1.60 g/t gold. At Bastuträsk, Regional hole BAS21005 cut 0.60 metre core length of sphalerite-bearing carbonate breccia, grading 2.93% zinc. Regional hole BAS21006 yielded arsenopyrite rich vein material with visible gold and contained a 0.45 metre core length grading 8.20 g/t gold. Regional hole BAS21007 cut a zone logged as a mafic dyke, that yielded 0.80 metre core length grading 6.20 g/t gold. Regional Expansion hole BAS20007B cut massive sulphide/meta gabbro, that yielded 4.00 metres core length grading 0.29 g/t gold, 0.07% nickel, 0.12% copper, plus an andesitic dyke that assayed 1.0 metre core length grading 1.61 g/t gold. Regional hole NOR21003, intersected volcanics with banded iron formation at the beginning of the hole, followed by mafic intrusive. Narrow arsenopyrite-bearing mineralization yielded 1.00 metre core length grading 1.03 g/t gold, plus 0.90 metre core length grading 6.10 g/t gold. Regional hole NOR21005 was drilled to test a strong borehole electromagnetic plate identified at a depth of 50 metres and interpreted as possible continuity of the VMS horizon on the northern limb of a folded sediment/volcanic sequence hosting the Norra VMS deposit. The drill hole encountered sphalerite clasts that could represent the distal portion of the VMS horizon, that has been truncated by post mineral dykes. A 1.00 metre core length graded 0.75 g/t gold, 22.3 g/t silver, and 0.18% copper, plus anomalous zinc. At Sjöleden, Regional hole SJO21001, testing a possible late east-west trending structure, cut a 1.00 metre core length within an andesitic dyke, grading 1.64 g/t gold. At Risberget, Regional hole RIS21001 tested a magnetic low anomaly in metagreywacke. The drill hole yielded 2.0 metres of graphite breccia grading 0.93 g/t gold.

On January 13, 2022, the Company announced that regional exploration at Barsele has led to the discovery of a new high-grade gold bearing boulder. A mineralized boulder trail discovered in 2016 and lying to the southeast of the trend of the Avan-Central-Skiråsen zones was followed up by additional work, including Meffa soil sampling and boulder prospecting in late 2021. Another high-grade boulder of 90.8 g/t gold was found about 150 meters up-ice to the northwest of previous boulder discoveries. This new boulder is over one meter in diameter and is subrounded to rounded and composed of quartz-sulphide (mainly pyrrhotite with some arsenopyrite) breccia in fine-grained granodioritic host rock. It is interpreted to be similar to the other boulders found in the area. Preliminary multi element fine fraction analysis soils indicate discontinuous arsenic anomalies in the area. The possible sources of the boulders could be either the area of the disappearance of the arsenic anomaly approximately 100 meters northwest from the high-grade boulder, or the Barsele gold deposit itself. The first area is dominated by a volcanic-sedimentary sequence, with possible presence of narrow granodioritic intrusions. There is also a graphite-sulphide bearing horizon present in the area, that can cause base-metal anomalies.

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

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Description of Business (cont'd...):

BARSELE, SWEDEN (cont'd...):

On January 25, 2022, the Company announced the closing of the first tranche of its non-brokered private placement, by issuing 825,000 units of the Company at a price of \$0.50 per Unit for aggregate gross proceeds of \$412,500.

On February 18, 2022, the Company announced the closing of the final tranche of its non-brokered private placement, by issuing 550,000 units of the Company at a price of \$0.50 per Unit for aggregate gross proceeds of \$275,000.

Art Freeze, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Barsele Property.

Results of Operations for the Three Month Periods Ended December 31, 2021 and 2020:

During the three-month period ended December 31, 2021, the Company incurred exploration expenses amounting to \$67,645 (2020 - \$67,049). Exploration expenses consisted of fees paid to geologists in the years ended December 31, 2021 and 2020.

General operating costs totalled \$435,877 (2020 - \$255,362) for the three months ended December 31, 2021. These costs primarily included consulting of \$10,000 (2020 - \$8,750), investor relations of \$195,602 (2020 - \$43,542), management fees of \$115,500 (2020 - \$71,095), office and administrative fees of \$93,695 (2020 - \$76,924), professional fees of \$6,958 (2020 - \$44,259), share-based payments of \$Nil (2020 - \$Nil) and transfer agent and filing fees of \$12,700 (2020 - \$10,640). General operating costs were comparable other than investor relations, management fees, office and administrative fees and professional fees. Investor relations increased from \$43,542 in the three months ended December 31, 2020 to \$195,602 in the three months ended December 31, 2021 due to the Company participating in increased investor relations conferences, as well as increased investor relations needs. Management fees increased from \$71,095 in the three months ended December 31, 2020 to \$115,500 in the three months ended December 31, 2021 due to a restructuring of management's compensation within the Belcarra Group. Office and administration fees increased due to less cost sharing. Professional fees decreased from \$44,259 in the three months ended December 31, 2020 to \$6,958 in the three months ended December 31, 2021 due to decreased legal fees incurred in the period.

In summary, the loss in the three month period ended December 31, 2021 amounted to \$503,522 (2020 - \$322,411) or \$0.00 (2020 - \$0.00) per share.

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

Results of Operations for the year ended December 31, 2021 and 2020:

During the year ended December 31, 2021, the Company incurred exploration expenses amounting to \$243,527 (2020 - \$254,863). Exploration expenses were lower due to fewer fees paid to geologists during 2021.

General operating costs totalled \$2,899,205 (2020 - \$868,165) for the year ended December 31, 2021. These costs primarily included consulting of \$31,250 (2020 - \$80,500), investor relations of \$507,338 (2020 - \$139,757), management fees of \$463,742 (2020 - \$253,255), office and administrative fees of \$339,206 (2020 - \$276,373), professional fees of \$266,826 (2020 - \$72,144), share-based payments of \$1,203,969 (2020 - \$Nil), and transfer agent and filing fees of \$82,138 (2020 - \$45,566). Consulting fees decreased from \$80,500 in the year ended December 31, 2020 to \$31,250 in the year ended December 31, 2021 due to less advisory services incurred by the Company in the year. Investor relations increased from \$139,757 in the year ended December 31, 2020 to \$507,338 in the year ended December 31, 2021 due to the Company participating in increased investor relations conferences, as well as increased investor relations needs. Management fees increased from \$253,255 in the year ended December 31, 2020 to \$463,742 in the year ended December 31, 2021 due to a restructuring of management's time and consequent compensation within the Belcarra Group. Office and administration fees increased due to less cost sharing. Professional fees increased from \$72,144 in the year ended December 31, 2020 to \$266,826 in the year ended December 31, 2021 due to the Company's ongoing negotiations and due diligence procedures conducted in Sweden and related to acquiring the remaining 55% interest from Agnico in the Barsele Project. During the year ended December 31, 2021 options were granted and vested resulting in a fair value of \$1,203,969 in share-based payments recognized using the Black-Scholes Model. Share-based payments of \$Nil for the year ended December 31, 2020 was due to no options granted or vested in the period. Transfer agent and filing fees were higher due to the Company incurring costs relating to its OTCQB listing, which has been finalized.

Interest income for the year ended December 31, 2021 was \$Nil (2020 - \$5,858), a result of interest earned on the Company's cash balance.

In summary, the loss in the year ended December 31, 2021 amounted to \$3,142,732 (2020 - \$1,117,170) or \$0.02 (2020 - \$0.01) per share.

Selected Annual Financial Information:

	<b>For the Year Ended December 31, 2021</b>	<b>For the Year Ended December 31, 2020</b>	<b>For the Year Ended December 31, 2019</b>
Total revenues	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the year:			
(i) total for the year	3,142,732	1,117,170	2,128,944
(ii) loss per share – basic and diluted	(0.02)	(0.01)	(0.02)
Net loss:			
(i) total for the year	3,142,732	1,117,170	2,128,944
(ii) loss per share – basic and diluted	(0.02)	(0.01)	(0.02)
Total assets	395,727	238,763	1,123,878
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared per-share	\$ Nil	\$ Nil	\$ Nil

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

Selected Quarterly Financial Information:

	<b>Revenues</b>	<b>(Loss) Gain for the period</b>	<b>(Loss) Gain per share</b>
4 <sup>th</sup> Quarter ended December 31, 2021	\$Nil	\$(503,522)	\$(0.00)
3 <sup>rd</sup> Quarter ended September 30, 2021	\$Nil	\$(619,163)	\$(0.00)
2 <sup>nd</sup> Quarter ended June 30, 2021	\$Nil	\$(572,035)	\$(0.00)
1 <sup>st</sup> Quarter ended March 31, 2021	\$Nil	\$(1,448,012)	\$(0.01)
4 <sup>th</sup> Quarter ended December 31, 2020	\$Nil	\$(322,411)	\$(0.00)
3 <sup>rd</sup> Quarter ended September 30, 2020	\$Nil	\$(236,723)	\$(0.00)
2 <sup>nd</sup> Quarter ended June 30, 2020	\$Nil	\$(275,762)	\$(0.00)
1 <sup>st</sup> Quarter ended March 31, 2020	\$Nil	\$(282,274)	\$(0.00)

During the three month period ended December 31, 2021, the Company incurred exploration expenses amounting to \$67,645 and \$53,600 for the three month period ended September 30, 2021. Exploration expenditures during the three months ended December 31, 2021 consisted of fees paid to geologists. General operating costs totaled \$435,877 during the three months ended December 31, 2021 and \$565,563 during the three months ended December 31, 2021. The decrease in operating expenses was mainly due to a decrease in legal fees incurred in the three months ended December 31, 2021.

During the three month period ended September 30, 2021, the Company incurred exploration expenses amounting to \$53,600 and \$43,900 for the three month period ended June 30, 2021. Exploration expenditures during the three months ended September 30, 2021 consisted of fees paid to geologists. General operating costs totaled \$565,563 during the three months ended September 30, 2021 and \$528,135 during the three months ended June 30, 2021. The increase in operating expenses was mainly due to an increase in legal fees incurred in the three months ended September 30, 2021.

During the three month period ended June 30, 2021, the Company incurred exploration expenses amounting to \$43,900 and \$78,382 for the three month period ended March 31, 2021. Exploration expenditures during the three months ended June 30, 2021 consisted of fees paid to geologists. General operating costs totaled \$528,135 during the three months ended June 30, 2021 and \$1,369,630 during the three months ended March 31, 2021. The decrease in operating expenses was mainly due to share-based payments of \$1,054,489 during the three months ended March 31, 2021 and \$149,480 during the three months ended June 30, 2021.

During the three month period ended March 31, 2021, the Company incurred exploration expenses amounting to \$78,382 and \$67,049 for the three month period ended December 31, 2020. Exploration expenditures during the three months ended March 31, 2021 consisted of fees paid to geologists. General operating costs totaled \$1,369,630 during the three months ended March 31, 2021 and \$255,362 during the three months ended December 31, 2020. The increase in operating expenses was mainly due to share-based payments of \$1,054,489 during the three months ended March 31, 2021 and \$Nil during the three months ended December 31, 2020.

During the three month period ended December 31, 2020, the Company incurred exploration expenses amounting to \$67,049 and \$70,049 for the three month period ended September 30, 2020. Exploration expenditures during the three months ended December 31, 2020 consisted of fees paid to geologists. General operating costs totaled \$255,362 during the three months December 31, 2020 and \$166,674 during the three months ended September 30, 2020. The increase in operating expenses was mainly due to an increase in office and administration due to less cost sharing and an increase in professional fees due to increased legal fees incurred in the period.

During the three month period ended September 30, 2020, the Company incurred exploration expenses amounting to \$70,049 and \$70,049 for the three month period ended June 30, 2020. Exploration expenditures during the three months ended September 30, 2020 consisted of fees paid to geologists. General operating costs totaled \$166,674 during the three months September 30, 2020 and \$207,345 during the three months ended June 30, 2020. The decrease in operating expenses was mainly due to a decrease in investor relations due to timing of when the Company attended investor relations conferences.

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

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Selected Quarterly Financial Information (cont'd...):

During the three month period ended June 30, 2020, the Company incurred exploration expenses amounting to \$70,049 and \$47,716 for the three month period ended March 31, 2020. Exploration expenditures during the three months ended June 30, 2020 consisted of fees paid to geologists. General operating costs totaled \$207,345 during the three months June 30, 2020 and \$238,784 during the three months ended June 30, 2020. The decrease in operating expenses was mainly due to a decrease in investor relations due to timing of when the Company attended investor relations conferences.

During the three month period ended March 31, 2020, the Company incurred exploration expenses amounting to \$47,716 and \$48,309 for the three month period ended December 31, 2019. Exploration expenditures during the three months ended March 31, 2020 consisted of fees paid to geologists, as well as travel costs to visit the property. General operating costs totaled \$238,784 during the three months ended March 31, 2020 and \$1,153,043 during the three months ended December 31, 2019. The decrease in operating expenses was mainly due to share-based payments of \$Nil during the three months ended March 31, 2020 and \$919,126 during the three months ended December 31, 2019.

Liquidity:

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

The operating loss for the year ended December 31, 2021 is \$3,142,732 (2020 - \$1,117,170), but after changes in other working capital balances, cash used in operating activities was \$2,003,107 (2020 - \$1,085,724).

Cash from financing activities consisted of gross proceeds from a private placement of \$2,064,949 (2020 - \$Nil), less share issuance costs paid of \$131,378 (2020 - \$Nil) and proceeds from an exercise of options of \$185,500 (2020 - \$207,500). Total cash received from financing activities was \$2,119,071 (2020 - \$207,500).

As a consequence, the Company's cash position increased from an opening level of \$168,238 at the beginning of the year to \$284,202.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, included the securing of joint venture partners where appropriate.

Capital Resources:

The Company considers its capital structure to be shareholder equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and relies primarily on the funds derived from the spin-out and future equity financings to meet its capital requirements.

There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

Equity investment - exploration and evaluation assets:

On September 25, 2015, a 45% interest in the Barsele Project which included Gunnarn Mining AB and Gunnarn Exploration AB (collectively “Barsele JV”) was transferred from Orex Minerals Inc. (“Orex”) to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited (“Agnico”). As part of the joint venture agreement, Agnico committed to spend US \$7 million on Project expenditures over three years and can earn an additional 15% interest in the corporate entity, which owns the Barsele Project, if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has completed earning its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

	December 31, 2021		December 31, 2020	
Current assets	\$	510,051	\$	504,125
Non-current assets		6,853,586		7,606,943
Current liabilities		3,127,266		6,715,590
Loss for the year		2,575,001		4,354,659
The Company’s ownership %		45%		45%
The Company’s share of loss for the year	\$	Nil	\$	Nil

As of December 31, 2021 and 2020, the Company’s investment in Barsele JV was \$1. The Company’s unrecognized share of the loss for the year ended December 31, 2021 was approximately \$1,158,751 (2020 - \$1,959,597). The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company’s judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Exploration expenses reported for the year ended December 31, 2021 of \$243,527 (2020 - \$254,863) were incurred to meet the Company’s reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

Related Party Transactions:

During the year ended December 31, 2021, the Company entered the following transactions with related parties, directors, and key management personnel. Key management personnel are individuals responsible for planning, directing, and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
Management fees (Gary Cope - 683192 BC Ltd; Ross Wilmot - Cedarwoods Group)	\$	463,742	\$	253,255
Share-based payments		286,657		-
Total	\$	750,399	\$	253,255

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

Related Party Transactions (cont'd...):

Other related party transactions are as follows:

		Year ended December 31, 2021		Year ended December 31, 2020
Investor relations*	\$	63,816	\$	64,264
Office and administration*		304,305		250,918
Consulting*		10,500		-
Geological consulting fees (general exploration) (Arthur Freeze - Stillwater Enterprises Ltd; Velia Ledezma - 683192 BC Ltd.)		217,360		164,863
Share-based payments		204,755		-
<b>Total</b>	<b>\$</b>	<b>800,736</b>	<b>\$</b>	<b>480,045</b>

\* Fees paid to Belcarra Group Management Ltd., a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as of December 31, 2021 is \$400 (December 31, 2020 - \$Nil) due to directors or officers or companies controlled by directors.

Off Balance Sheet Arrangements:

The Company has no material off balance sheet arrangements in place.

Proposed Transactions:

On March 12, 2021, the Company announced that it had executed a non-binding letter of intent (“LOI”) with Agnico to acquire Agnico’s indirect 55% interest in the Barsele Project (the “Proposed Transaction”). On November 01, 2021, the Company announced the termination of the LOI in accordance with its terms. The termination of the LOI is the result of current market conditions which have made it difficult to meet the financial requirements of the LOI

Changes in Accounting Policies Including Initial Adoption:

There were no changes in accounting policies, including initial adoption, during the year.

Capital Management:

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company’s business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company’s short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.



**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

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Capital Management (cont'd...):

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the year.

**RISKS AND UNCERTAINTIES**

Operational Risk Management

The Company is exposed to numerous risks by virtue of its operations as a mineral explorer, both of an operational and a financial nature. Operational exposures include the risks in acquisition of property rights and access, the actual surface exploration work, surveying the property and sampling, undertaking a drilling program, assaying the drill cores recovered, the evaluation of the results of these determinations and the technical assessments from all of these steps to identify mineralization initially, and then the determination of commercial viability of the mineralization. These various procedures involve the work of staff and consultants or contractors, which introduce risks of damage to the property sites and surrounding areas and harm to those workers involved in the project work. Also, this project work introduces environmental exposures, in particular from drilling, of contamination on site to the air, to the water and to the biodiversity, and equally to the communities in proximity to the project site.

The Company has developed a number of policies to address the ethical elements of its interaction with staff, contractors and communities and its full compliance with governmental laws, rules and guidelines. It has also developed policies addressing Environmental, Social and Governance ("ESG") requirements to guide its staff and others in the conduct of its business on site and elsewhere, and requires all workers to commit regularly to their adherence to the policies.

Climate Change

More recently, the effects of climate change to project work sites has introduced added risk to the success of the site work and the overall viability of the Company's exploration plans. Climate changes can make the project site more difficult for workers due to extreme temperatures or heavy rains or flooding, all adding greater risk of injury or damage. Climate changes can change the costs of fuels and supplies, the availability of water for drilling, and costs for site preparation and maintenance. The impact of climate change has already caused changes to past project work, and there is expected to be future program changes necessitated by additional weather events and changes, which will alter the Company's plans, performance and success going forward.

Financial and Risk Management:

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

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

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

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Financial and Risk Management (cont'd...):

(a) Fair value of financial instruments

The Company has various financial instruments including cash and receivables and accounts payable. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable approximates its fair values due to the short-term maturity of the financial instrument.

(b) Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

(c) Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax (GST), which are recoverable from the governing body in Canada.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk. The Company manages liquidity risk through the management of its capital structure.

(e) Foreign exchange risk

The Company is not subject to significant foreign exchange risk.

(f) Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

(g) Price risk

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

Outstanding Share Data:

The Company had 129,497,544 common shares issued and outstanding as of April 22, 2022.

**BARSELE MINERALS CORP.**  
**ANNUAL REPORT TO SHAREHOLDERS**  
For the Year Ended December 31, 2021  
(Expressed in Canadian Dollars)

Outstanding Options and Warrants:

The Company had Nil warrants outstanding as of April 22, 2022.

Stock option transactions are summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Outstanding, December 31, 2019	12,025,000	\$	0.48
Exercised	(2,075,000)		0.10
Forfeited	(1,600,000)		0.73
Outstanding, December 31, 2020	8,350,000		0.62
Exercised	(1,425,000)		0.13
Expired	(1,300,000)		1.00
Forfeited	(250,000)		0.81
Granted	2,875,000		0.66
Outstanding, December 31, 2021	8,250,000		0.65
Forfeited	(150,000)		0.71
Outstanding, April 22, 2022	8,100,000	\$	0.65
Exercisable, April 22, 2022	8,100,000	\$	0.70

Subsequent Events:

The Company closed a two-tranche private placement consisting of 1,375,000 units at a price of \$0.50 per unit for gross proceeds of \$687,500. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one share at a price of \$0.75 per share, with 852,000 expiring on January 25, 2024, and 550,000 expiring on February 18, 2024.

Additional Information:

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).