



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars - Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

FOSTERVILLE SOUTH EXPLORATION LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)

	March 31, 2022	December 31, 2021
ASSETS		
Current		
Cash	\$ 19,949,310	\$ 21,649,394
Receivables	66,998	61,291
Prepaid expenses	243,263	125,498
	<u>20,259,571</u>	<u>21,836,183</u>
Equipment (Note 5)	284,677	299,334
Reclamation bonds	61,125	60,087
Exploration and evaluation assets (Note 6)	<u>837,181</u>	<u>833,627</u>
	<u>\$ 21,442,554</u>	<u>\$ 23,029,231</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 11)	\$ 486,839	\$ 330,841
Deferred acquisition payments – current portion (Note 7)	64,683	61,855
	<u>551,522</u>	<u>392,696</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	40,174,111	40,174,111
Contributed surplus	5,510,572	5,489,144
Accumulated other comprehensive loss	25,500	27,838
Deficit	<u>(24,819,151)</u>	<u>(23,054,558)</u>
	<u>20,891,032</u>	<u>22,636,535</u>
	<u>\$ 21,442,554</u>	<u>\$ 23,029,231</u>

Nature of operations (Note 1)

Approved and authorized on behalf of the Board of Directors on May 26, 2022

“Bryan Slusarchuk” Director

“Robert McMorran” Director

FOSTERVILLE SOUTH EXPLORATION LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars – Unaudited)

For the three months ended	March 31, 2022	March 31, 2021
EXPENSES		
Accretion (Note 7)	\$ 2,828	\$ 5,527
Consulting fees	10,318	448
Depreciation (Note 5)	26,240	42,819
Directors' fees (Note 12)	18,000	18,000
Exploration expenditures (Note 6)	1,283,247	1,315,883
Foreign exchange loss (gain)	333	(2,743)
Management fees (Note 12)	83,700	162,000
Office expenses	38,944	24,251
Professional fees (Note 12)	114,711	106,573
Share-based payments (Note 9)	21,428	-
Shareholder communications and marketing	144,612	292,853
Transfer agent, filing and listing fees	13,049	27,500
Travel	20,299	302
Loss before undernoted	(1,777,709)	(1,993,413)
Interest income	13,116	15,638
Loss for the period	(1,764,593)	(1,977,775)
Other comprehensive income (loss):		
Exchange difference on translation of foreign operations	(2,338)	(28,775)
Comprehensive Loss for the period	\$ (1,766,931)	\$ (2,006,550)
Basic and diluted loss per common share	\$ (0.03)	\$ (0.03)
Basic and diluted weighted average number of common shares outstanding	67,918,383	67,918,383

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

FOSTERVILLE SOUTH EXPLORATION LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars, except for share figures – Unaudited)

	Number	Amount	Contributed Surplus	Accumulated Other Comprehensive loss	Deficit	Total
Balance, December 31, 2020	67,918,383	\$ 40,174,111	\$ 1,604,093	\$ 123,337	\$ (10,951,738)	\$ 30,949,803
Loss for the period	-	-	-	(28,775)	(1,977,775)	(2,006,550)
Balance, March 31, 2021	67,918,383	40,174,111	1,604,093	94,562	(12,929,513)	28,943,253
Share-based payments	-	-	3,885,051	-	-	3,885,051
Loss for the period	-	-	-	(66,724)	(10,125,045)	(10,191,769)
Balance, December 31, 2021	67,918,383	40,174,111	5,489,144	27,838	(23,054,558)	22,636,535
Share-based payments	-	-	21,428	-	-	21,428
Loss for the period	-	-	-	(2,338)	(1,764,593)	(1,766,931)
Balance, March 31, 2022	67,918,383	\$ 40,174,111	\$ 5,510,572	\$ 25,500	\$ (24,819,151)	\$ 20,891,032

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

FOSTERVILLE SOUTH EXPLORATION LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars – Unaudited)

For the three months ended	March 31, 2022	March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	\$ (1,764,593)	\$ (1,977,775)
Items not involving cash:		
Accretion	2,828	5,527
Finance expense	-	1,110
Depreciation	26,240	42,820
Share-based payments	21,428	-
Changes in non-cash working capital items:		
Receivables	(5,707)	(3,029)
Prepaid expenses	(117,765)	206,088
Accounts payable and accrued liabilities	155,998	(284,629)
Net cash used in operating activities	<u>(1,681,571)</u>	<u>(2,009,888)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reclamation bonds	(1,038)	(9,987)
Equipment acquisition costs	(6,809)	(60,848)
Held for distribution – transaction costs incurred	-	(145,000)
Net cash used in investing activities	<u>(7,847)</u>	<u>(215,835)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	-	(4,586)
Net cash used in financing activities	<u>-</u>	<u>(4,586)</u>
Change in cash during the period	(1,689,418)	(2,230,309)
Foreign exchange	(10,666)	(934)
Cash – beginning of the period	21,649,394	29,412,032
Cash – end of the period	\$ 19,949,310	\$ 27,180,789

Supplemental disclosure with respect to cash flows (Note 13)

FOSTERVILLE SOUTH EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS

Fosterville South Exploration Ltd. (“the Company” or “Fosterville”) was incorporated under the Business Corporations Act of British Columbia on July 22, 2019. The Company is engaged in the acquisition, exploration and development of mineral properties in Australia. The Company’s head office is located at 488 – 1090 West Georgia Street, Vancouver, BC V6E 3V7.

On March 18, 2020, the Company filed its initial prospectus and on April 14, 2020, the Company’s shares commenced trading on the TSX Venture Exchange (the “TSX-V”) under the symbol FSX.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company is well capitalized and has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. 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 ability to raise funds.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements are compliant with IAS 34 and do not include all of the information required for full annual financial statements.

Basis of presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments measured at fair value through profit and loss.

Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its wholly-owned and controlled subsidiaries, Currawong Resources Pty Ltd. (“Currawong”) and Bendigo Gold Corp. (“Bendigo”).

FOSTERVILLE SOUTH EXPLORATION LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended March 31, 2022
(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PREPARATION (Cont'd...)

Fosterville and Bendigo have a functional currency of Canadian Dollar (CAD) and Currawong has a functional currency of the Australian Dollar (AUD).

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are the same as those applied in the Company's consolidated financial statements for the year ended December 31, 2021. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for year ended December 31, 2021.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below:

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and titles may be affected by undetected defects.

Impairment of exploration and evaluation assets

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

Issuances of shares for properties

Management makes judgments in determining the share price attributed to issuances of shares for mineral properties. Management considers market conditions, recent or pending private placements of the Company, and or contracted terms of the issuance. Should management's judgment as to an appropriate share price be incorrect, the value attributed to properties could be materially different.

FOSTERVILLE SOUTH EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd...)

Key Sources of Estimation Uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Share-based payment

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

5. EQUIPMENT

	Vehicles \$	Equipment \$	Right of Use Asset (lease) \$	Total \$
Cost				
Balance at December 31, 2020	100,934	393,062	62,244	556,240
Additions	124,975	87,858	-	212,833
Disposals/ derecognition	-	(233,996)	(59,608)	(293,604)
Foreign exchange	(9,298)	(21,865)	(2,636)	(33,799)
Balance at December 31, 2021	216,611	225,059	-	441,670
Additions	-	6,809	-	6,809
Foreign exchange	3,742	4,027	-	7,769
Balance at March 31, 2022	220,353	235,895	-	456,248
Accumulated depreciation				
Balance at December 31, 2020	15,260	74,778	14,259	104,297
Depreciation	45,606	115,700	11,172	172,478
Disposals/ derecognition	-	(101,895)	(24,827)	(126,722)
Foreign exchange	(2,011)	(5,102)	(604)	(7,717)
Balance at December 31, 2021	58,855	83,481	-	142,336
Depreciation	7,863	18,377	-	26,240
Foreign exchange	1,178	1,817	-	2,995
Balance at March 31, 2022	67,896	103,675	-	171,571
Carrying amount				
As at December 31, 2021	157,756	141,578	-	299,334
As at March 31, 2022	152,457	132,220	-	284,677

FOSTERVILLE SOUTH EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS

Currawong Projects

During the year ended December 31, 2019, the Company acquired a 100% right, title and interest in and to certain Central Victoria Properties in Australia, through the acquisition of Currawong. Pursuant to the terms of a share purchase agreement, the Company issued 3,000,000 common shares of the Company and agreed to pay AUD\$300,000 over a period of three years (note 7). The transaction was accounted for as an asset purchase of mineral property interests and \$686,389 was allocated to the fair value of exploration and evaluation assets. The Central Victoria Properties are exploration stage properties comprised of the Golden Mountain Project, the Providence Project, the Lauriston Gold Project, and other exploration license applications filed with the state of Victoria, in the south east area of Australia.

Moormbool

During the year ended December 31, 2020 the Company entered into a purchase agreement with Mercator Gold Australia Pty. Ltd. ("Mercator"), a subsidiary of Alternative Investment Market-listed ECR Minerals PLC, whereby it acquired a 100% interest in three high-grade gold projects called the Moormbool project, the Timor project, and the Avoca project.

During the year ended December 31, 2020 the Company completed a spin-out of its wholly owned subsidiary Leviathan Gold Ltd. ("Leviathan"). During the year ended December 31, 2021 the Timor and Avoca projects were sold to Leviathan for AUD\$764,081 (CAD\$730,079), and consequently the Company only holds the Moormbool project.

Under the terms of the purchase agreement, the Company paid \$448,495 (AUD\$500,000) to Mercator in consideration of a 100% interest in the three gold projects. The Company, or Leviathan Gold Ltd., will also pay Mercator AUD\$1 for every ounce of gold or gold equivalent of measured resource, indicated resource or inferred resource (the "Resource Payment") within one or more of the tenements comprising the gold projects, which payment shall not exceed a total of AUD\$1,000,000. In the event the Company carries out commercial production on the gold projects, the Company will pay Mercator AUD\$1 for every ounce of gold or gold equivalent ounces produced from the tenements comprising the gold projects, which payment shall not exceed a total of AUD\$1,000,000 (the "Commercial Production Payment"). The Resource Payment and the Commercial Production Payment will be payable by the first company to trigger the payment requirement.

The Company also entered into a separate agreement with FliteGold Pty. Ltd. ("FliteGold"), an entity controlled by Mr. Rex Motton, a director of the Company, that held a royalty over the Avoca project. The Company issued 225,000 shares valued at \$333,000 to FliteGold and, in consideration of which, FliteGold terminated its royalty on the Avoca project.

Beechworth Projects

During the year ended December 31, 2020 the Company entered into a property acquisition agreement with Northern Mine Ventures P/L ("Northern Mine"), whereby it will acquire the 36-square-kilometre Beechworth gold project in Victoria, Australia, held within EL4697 and RLA006013 by Northern Mine.

Pursuant to the terms of a purchase agreement between the Company and Northern Mine, the Company paid CAD\$49,175 (AUD \$50,000) to Northern Mine and agreed to pay an additional AUD \$250,000 on the date that the granted Exploration Licence is converted to a Retention Licence (the application to convert to a Retention Licence has been filed but has not been converted). The Company also agreed to incur AUD \$130,000 in exploration expenditures on the project within 90 days. Northern Mine retained a 2.5% NSR, which may be repurchased with a one-time payment of AUD \$2,000,000.

FOSTERVILLE SOUTH EXPLORATION LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Other Projects

In addition to the projects listed above, the Company has submitted tenement applications for new projects, including the Walhalla Project, and other areas contiguous to current projects. All projects are in Victoria, Australia.

Below is a summary of the changes in the exploration and evaluation assets for the periods ended March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	\$	\$
Balance, beginning of period	833,627	847,710
Foreign exchange	3,554	(14,083)
Balance, end of period	837,181	833,627

During the period ended March 31, 2022, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	Golden Mountain Project	Lauriston Project	Beachworth Project	Providence Project	Walhalla	Other Projects and General Exploration	Total
Assay	\$ 6,534	\$ 6,449	\$ 4,533	\$ 12,685	\$ 896	\$ 29	\$ 31,126
Data compilation	-	-	-	927	847	9,887	11,661
Drilling	74,135	77,261	3,684	419,119	25,823	-	600,022
Equipment rental	-	175	45	508	13,956	923	15,607
Field expenditures	7,977	9,342	10,842	24,175	2,354	4,813	59,503
Geological consulting	6,876	49,231	936	20,766	37,952	-	115,761
Geophysics	-	18,059	2,615	22,613	-	-	43,287
Mapping and surveying	-	-	-	-	3,808	-	3,808
Project administration	2,188	2,978	2,340	8,927	1,966	3,395	21,794
Project Management	326	-	725	-	-	-	1,051
Salaries and wages	20,780	36,718	50,565	104,286	27,373	26,855	266,577
Sampling	-	13,664	-	-	8,824	-	22,488
Tenement administration & fees	3,981	15,517	6,738	17,746	15,737	6,719	66,438
Travel	6,766	10	1,937	15,411	-	-	24,124
	\$ 129,563	\$ 229,404	\$ 84,960	\$ 647,163	\$ 139,536	\$ 52,621	\$ 1,283,247

FOSTERVILLE SOUTH EXPLORATION LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

During the three months ended March 31, 2021, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	Golden Mountain Project	Lauriston Project	Other Projects	Total
Assay	\$ 16,540	\$ 17,044	\$ 12,039	\$ 45,623
Data compilation	8,713	4,665	11,689	25,067
Drilling	6,420	379,750	66,909	453,079
Equipment rental	1,761	-	14,548	16,309
Field expenditures	34,445	10,325	39,222	83,992
Geological consulting	20,409	23,321	133,085	176,815
Geophysics	7,225	55,002	67,563	129,790
Project administration	352	69	6,815	7,236
Salaries and wages	10,065	83,339	195,723	289,127
Sampling	5,120	-	4,528	9,648
Tenement administration & fees	3,224	7,494	47,156	57,874
Travel	4,803	80	16,440	21,323
	<u>\$ 119,077</u>	<u>\$ 581,089</u>	<u>\$ 615,717</u>	<u>\$1,315,883</u>

Under Australian mining laws, the Company is required to incur AUD\$15,000 plus AUD \$150 per km² in first year, AUD \$200 per km² for each of second, third and fourth year and AUD \$300 per km² for each year thereafter. The expenditure commitment per km² increases over time but is offset by forced tenement area reductions on the second and fourth anniversary of 25% and 40% respectively.

Pursuant to the Australian mineral rights regulations, the Company is required to incur annual minimum exploration expenditures to maintain the exploration licenses. The Company estimates the following annual minimum exploration expenditures to fall due, based on both granted licenses and the anticipated timing of pending licenses being granted, to be AUD\$481,890 in 2022, AUD\$1,091,200 in 2023, AUD\$1,154,695 in 2024, AUD\$1,032,990 in 2025, and AUD\$1,019,410 in 2026

7. DEFERRED ACQUISITION PAYMENTS

On August 8, 2019, the Company closed the acquisition of Currawong through the issuance of 3,000,000 common shares and agreeing to make total payments of AUD\$300,000 as follows:

- AUD\$75,000 on closing (paid CAD\$68,241);
- AUD\$75,000 by August 8, 2020 (paid CAD\$71,702);
- AUD\$75,000 by August 8, 2021 (paid CAD\$68,862); and
- AUD\$75,000 by August 8, 2022.

The fair value of the deferred payments of \$142,037 over a three-year period was determined on the date of the acquisition using a discounted cash flow model. A discount rate of 20% was used. The changes in the value of the deferred payments are as follows:

FOSTERVILLE SOUTH EXPLORATION LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

7. DEFERRED ACQUISITION PAYMENTS (cont'd...)

	March 31, 2022	December 31, 2021
	\$	\$
Balance, beginning of period	61,855	121,162
Accretion expense	2,828	17,897
Payments	-	(68,862)
Foreign exchange	-	(8,342)
Balance, end of period	64,683	61,855

8. LEASE LIABILITY

	March 31, 2022	December 31, 2021
	\$	\$
Balance, beginning of the period	-	50,726
Lease payments	-	(13,167)
Accrued finance expense	-	2,979
Foreign exchange	-	(5,757)
Termination of lease	-	(34,781)
Balance, end of the period	-	-

During the year ended December 31, 2020, the Company leased a storage warehouse in Bendigo, Australia. The lease term has been estimated at 4 years, which includes a 2-year optional extension. The lease liability was discounted at a rate of 9%. During the year ended December 31, 2021 the Company terminated the lease.

9. SHARE CAPITAL**Authorized**

Unlimited common shares without par value.

Escrowed shares

As at March 31, 2022, the Company had 5,850,000 common shares subject to escrow release restrictions, of which 2,925,000 common shares will be released on each of the following dates: October 14, 2022, and April 14, 2023.

Share issuances:

The Company did not issue any shares during the period ended March 31, 2022 or during the year ended December 31, 2021.

FOSTERVILLE SOUTH EXPLORATION LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

9. SHARE CAPITAL (cont'd...)**Stock Options and Warrants**

The Directors of the Company adopted a stock option plan on December 12, 2019 (the "Option Plan"). The Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's common shares issued and outstanding at the time such options are granted. Options may be granted under the Option Plan to such directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The Option Plan provides that the number of Common Shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director, officer, employee or consultant, or 2% of the issued common shares, if the individual is engaged in providing investor relations services, in a twelve month basis, unless disinterested shareholder approval is obtained. All options granted under the Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability.

During the period ended March 31, 2022 the Company granted nil (2021 – 3,600,000) stock options exercisable at \$nil (2021 – \$1.57) per option. During the period ended March 31, 2022 the Company recorded \$21,428 (2021 - \$nil) of share-based payments expense related to past stock options granted and vested.

The changes in the stock options and share purchase warrants for the period ended March 31, 2022 are as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, December 31, 2020	2,475,000	0.40	3,737,063	2.68
Granted	3,600,000	1.57	-	-
Balance, outstanding and exercisable December 31, 2021 and March 31, 2022	6,075,000	1.09	3,737,063	2.68

FOSTERVILLE SOUTH EXPLORATION LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended March 31, 2022
(Expressed in Canadian Dollars - Unaudited)

9. SHARE CAPITAL (cont'd...)

Stock Options and Warrants (cont'd...)

The balance of stock options and share purchase warrants outstanding as at March 31, 2022 was as follows:

Expiry Date	Number	Exercise Price	Remaining Life (Years)
Stock options			
April 14, 2025	2,475,000	\$ 0.40	3.04
April 19, 2026	3,600,000	1.57	4.05
Warrants			
May 14, 2022*	658,254	1.10	0.12
May 14, 2022*	1,981,091	2.00	0.12
July 21, 2022	121,468	4.00	0.31
July 21, 2022	976,250	4.95	0.31

*expired unexercised subsequent to March 31, 2022

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

There were no changes to the Company's approach to capital management during the period ended March 31, 2022.

11. FINANCIAL INSTRUMENTS

For financial instruments held by the Company, management classifies cash as FVTPL, and accounts payable and accrued liabilities, loans from related parties, Subscription Receipts, and deferred acquisition payments as amortized cost.

a) Fair value of financial instruments

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:

FOSTERVILLE SOUTH EXPLORATION LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended March 31, 2022
(Expressed in Canadian Dollars - Unaudited)

11. FINANCIAL INSTRUMENTS (cont'd...)

a) Fair value of financial instruments (cont'd...)

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
and

Level 3 – Inputs that are not based on observable market data.

As at March 31, 2022, the Company believes that the carrying values of accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations. The carrying value of deferred acquisition payments approximates fair value because the factors considered in assessing the fair value of this item have not changed from the issuance date to March 31, 2022. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash and cash equivalents is held with reputable Canadian and Australian banks. The credit risk related to cash and cash equivalents is considered minimal.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained

Contractual cash flow requirements as at March 31, 2022 were as follows:

	< 1 year \$	1 – 2 years \$	3 – 5 years \$	Total \$
Accounts payable and accrued liabilities	486,839	-	-	486,839
Deferred acquisition payments	70,230	-	-	64,683
Total	557,069	-	-	557,069

FOSTERVILLE SOUTH EXPLORATION LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended March 31, 2022
(Expressed in Canadian Dollars - Unaudited)

11. FINANCIAL INSTRUMENTS (cont'd...)

b) Management of risks arising from financial instruments

Currency risk

The international nature of the Company's operations results in foreign exchange risk. The Company's operating costs are primarily in Canadian dollars, Australian dollars and US dollars. Any fluctuations of the Canadian dollar in relation to these currencies may affect the profitability of the Company and the value of the Company's assets and liabilities. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

12. RELATED PARTY TRANSACTIONS

Key management compensation consists of the Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and the Board of Directors. The Company incurred charges to directors and officers, or to companies associated with these individuals, during the periods ended March 31, 2022 and December 31, 2021 as follows:

	Match 31, 2022	March 31, 2021
	\$	\$
Directors' fees	18,000	18,000
Management fees	81,000	162,000
Exploration related and Geological consulting fees	108,900	121,487
Professional fees	50,714	61,055
Rent	13,765	-
	272,379	362,542

As at March 31, 2022, \$135,454 (December 31, 2021 - \$181,739) was included in accounts payable and accrued liabilities owing to directors, officers, and companies controlled or affiliated with directors and officers of the Company in relation to fees and reimbursement of expenses.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no material non-cash transactions during the period ended March 31, 2022.

During the period ended March 31, 2021, the Company transferred \$731,378 from Assets Held for Distribution to receivables upon completion of the Leviathan distribution.

14. SUBSEQUENT EVENT

Subsequent to March 31, 2022, the Company issued 321,000 common shares on the exercise of stock options for proceeds of \$128,400.