

# SECURITIES AND EXCHANGE COMMISSION

## FORM 20-F

Annual and transition report of foreign private issuers pursuant to sections 13 or 15(d)

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### FILER

#### First Energy Metals Ltd

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or 12(g) OF THE *SECURITIES EXCHANGE ACT OF 1934*

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*

**For the fiscal year ended March 31, 2022**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*

Date of event requiring this shell company report \_\_\_\_\_

Commission file number **000-29870**

**FIRST ENERGY METALS LIMITED**

(Exact name of Registrant as specified in its charter)

**BRITISH COLUMBIA, CANADA**

(Jurisdiction of incorporation or organization)

**700 West Georgia Street, 25<sup>th</sup> Floor**

**Vancouver, British Columbia, Canada, V7Y 1B3**

(Address of principal executive offices)

**Gurminder Sangha, President, CEO, and Director, (604) 375-6005, Suite 2421, 1055 West Georgia Street,**

**Vancouver, British Columbia, Canada, V6E 3P3**

(Name, telephone, e-mail and/or facsimile number and address of Company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class

Name of each exchange on which registered

**Not Applicable**

**Not applicable**

Securities registered or to be registered pursuant to Section 12(g) of the Act

**Common Shares without Par Value**

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

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Number of outstanding shares of First Energy's only class of issued capital stock as at March 31, 2022:

**78,238,894 Common Shares Without Par Value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the *Securities Exchange Act of 1934* during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or an emerging growth company.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer   
Emerging growth company

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes  No

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP   
International Financial Reporting Standards as issued by the International Accounting Standards Board   
Other

If other has been checked in response to the previous question, indicate by check mark which financial statement item Registrant has elected to follow:

Item 17  Item 18

If this report is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

N/A

Yes

No

## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Certain statements in this Annual Report on Form 20-F (this “Annual Report”) under the captions “Item 3 - Risk Factors”, “Item 4 – “Business Overview”, Item 5 - “Operating and Financial Review and Prospects” and “Item 11 - Quantitative and Qualitative Disclosures about Market Risk” and elsewhere in this Annual Report and the documents incorporated herein by reference constitute “forward-looking statements” within the meaning of the U.S. Securities Litigation Reform Act of 1995 and “forward-looking information” under applicable Canadian securities legislation. Some forward-looking statements may be identified by such terms as “believes”, “anticipates”, “intends” or “expects” collectively “forward-looking statements”. Forward-looking information in this Annual Report include statements regarding the Company’s plans for its projects, statements relating to mineral resources, as they are based on various assumptions that are inherently forward-looking, statements regarding the anticipated timing by which the Company will require additional funds. These forward-looking statements are based on the Company’s current expectations and projections about future events and financial trends affecting the financial condition of its business and the industry in which it operates. Such forward-looking statements are based on assumptions regarding future events and other matters and are subject to known and unknown risks, uncertainties and other factors including the factors set forth in other filings with the Canadian securities commissions and the United States Securities and Exchange Commission (the “Commission”), which may cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Assumptions on which forward-looking statements are based include the assumptions underlying mineral resource estimates and in the technical reports supporting such estimates, the assumption that the Company will continue as a going concern and will continue to be able to access the capital required to advance its projects and continue operations. Such risks and the assumptions that accompany them, uncertainties and other factors include, among others, the following: general economic and business conditions, which will, among other things, impact the demand for gold and silver and other precious metals explored for by the Company; industry capacity; the ability of the Company to raise the capital required to implement its business strategy; changes in, or the unintentional failure to comply with, government regulations (especially safety and environmental laws and regulations); changes in the uses of gold, silver and other precious metals; silver and gold price volatility; increased competition; risks of the mining industry; exploration programs not being successful; inability to obtain financing; inability to obtain, or cancellation of, government permits; changes to regulations and mining law; increased reclamation obligations; title defects with respect to properties; risks associated with international operations; and foreign exchange and currency fluctuations. There can be no assurance that forward-looking statements in this Annual Report will prove to be accurate and actual results and future events could vary materially from those implied by such statements. Consequently, all of the forward-looking statements made in this Annual Report are qualified by these cautionary statements. The Company disclaims any obligation to update or revise any written forward-looking statements whether as a result of new information, future events or otherwise except as required by applicable laws.

### Currency and Measurement

All currency amounts in this Annual Report on Form 20-F are stated in **Canadian dollars** unless otherwise indicated. Conversion of metric units into imperial equivalents is as follows:

<u>Metric Units</u>	<u>Multiply by</u>	<u>Imperial Units</u>
hectares	2.471	= acres
metres	3.281	= feet
kilometres (“km”)	0.621	= miles (5,280 feet)
grams	0.032	= ounces (troy)

tonnes	1.102	= tons (short) (2,000 lbs)
grams/tonne	0.029	= ounces (troy)/ton

## CAUTIONARY NOTE TO U.S. INVESTORS

This Annual Report may use the terms “measured resources” and “indicated resources.” We advise U.S. investors that while such terms are recognized and permitted under Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

This Annual Report may use the terms “inferred resources.” We advise U.S. investors that while such term is recognized and permitted under Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. “Inferred resources” have a great amount of uncertainty as to their existence, as well as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that any part or all of an inferred resource exists or is economically or legally mineable.

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**PART 1****ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS****A. Directors and Senior Management**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, as amended and as such, there is no requirement to provide any information under this item.

**B. Advisors**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, as amended and as such, there is no requirement to provide any information under this item.

**C. Auditor**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, as amended and as such, there is no requirement to provide any information under this item.

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, as amended and as such, there is no requirement to provide any information under this item.

**ITEM 3. KEY INFORMATION****A. Selected Financial Data**

The selected financial data of First Energy Metals Limited. (“First Energy” or the “Company”) for the years ended March 31, 2022, 2021, and 2020, was derived from the Company’s financial statements as audited by DeVisser Gray LLP, Chartered Professional Accountants. The selected financial data set forth for the years ended March 31, 2019 and 2018 was derived from the Company’s financial statements, not included herein.

The Selected Financial Data should be read in conjunction with the financial statements and other financial information included elsewhere in this Annual Report.

The financial statements of the Company have been prepared in accordance and compliance with International Financial Reporting Standard as issued by the International Accounting Standards Board (“IFRS”).

The basis of preparation is described in Note 2 of the financial statements.

The Company has not declared any dividends on its common shares since incorporation and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain future earnings for use in its operations and the expansion of its business.

The following table sets forth selected financial information with respect to the Company for the periods indicated and is extracted from the more detailed financial statements included herein. The following constitutes selected financial data for the Company for the last five fiscal years ended March 31, 2022, in Canadian dollars, presented in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) for the years 2022, 2021, 2020, 2019, and 2018. The following table should be read in conjunction with “Item 5: Operating and Financial Review and Prospects”, and the financial statements included in Item 18.

**(Canadian Dollars in Thousands Except Per Share Amounts)**

<b>(Cdn\$)</b>	<b>As at March 31,</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Statement of Financial Position Data</b>					
Total assets according to financial statements	\$ 6,904	\$ 3,180	\$ 372	\$ 327	\$ 413
Total liabilities	429	704	226	126	255
Share capital	45,944	38,713	36,251	35,713	35,189
Warrant reserve, share-based payment reserve, share subscriptions	4,325	2,865	538	683	491
Deficit (IFRS)	(43,794)	(39,102)	(36,643)	(36,195)	(35,522)

<b>(Cdn\$)</b>	<b>As at March 31,</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Period End Balances (as at)</b>					
Working capital (deficiency)	\$ 459,010	\$ 1,578	\$ 4	\$ 107	\$ 137
Mineral property interests	6,004,875	886	131	83	-
Shareholders' equity	6,474,885	2,475	146	201	158
Number of outstanding shares	78,238,894	49,522,670	29,631,003	17,631,003	12,236,638

No cash or other dividends have been declared.

<b>(Cdn\$)</b>	<b>As at March 31</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Statement of Operations Data</b>					
General and administrative expenses (including Share-based payments)	\$ 2,602	\$ 2,051	\$ 418	\$ 521	\$ 307
Exploration costs	1,609	246	3	152	41
Write-down of mineral property interests	480	163	(27)	-	514
Net loss according to financial statements (IFRS)	(4,691)	(2,460)	(477)	(673)	(862)

The tables below include the quarterly results for the years ended March 31, 2022 and 2021.

**(Canadian Dollars in Thousands Except Per Share Amounts)**

<b>(Cdn\$)</b>	<b>Year Ended March 31, 2022</b>				
	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Total</b>
<b>Statement of Operations Data</b>					
General and administrative expenses	\$ 481	\$ 643	\$ 857	\$ (11)	\$ 1,970
Share-based payments	277	168	-	187	632
Exploration costs	978	68	120	443	1,609
Write-down of mineral property interests	-	130	-	350	480
Net loss according to financial statements	1,736	1,009	977	969	4,691
Net loss from continuing operations per common share	0.03	0.02	0.01	0.01	0.07

<b>(Cdn\$)</b>	<b>Year Ended March 31, 2021</b>				
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Statement of Operations Data	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
General and administrative expenses	\$ 157	\$ 250	\$ 299	\$ 355	\$ 1,061
Exploration costs	36	62	8	140	246
Write-down of mineral property interests	-	-	-	163	163
Net loss (income) according to financial statements	193	312	307	1,648	2,460
Net loss from continuing operations per common share	0.01	0.01	0.01	0.04	0.07

## B. Capitalization and Indebtedness

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, and as such, there is no requirement to provide any information under this item.

## C. Reasons for the Offer and Use of Proceeds

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, and as such, there is no requirement to provide any information under this item.

## D. Risk Factors

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry which may have a material impact on First Energy's financial performance.

**Readers should carefully consider the risks and uncertainties described below before deciding whether to invest in shares of the Company's common stock.**

### Financial Risk Factors

***First Energy has no source of operating cash flow, has a history of operating losses and has no assets of any significance with positive financial statement carrying values.*** In addition, all of the Company's projects have a financial statement value of zero. The Company has no revenues from operations and all of its mineral property interests are in the exploration stage. The Company will not receive revenues from operations at any time in the near future, and the Company has no prior years' history of earnings or cash flow. The Company has not paid dividends on its shares at any time since incorporation and does not anticipate doing so in the foreseeable future. The Company's financial statements have been prepared assuming it will continue on a going-concern basis. Should funding not be obtained, this assumption will change and the Company's assets may be written down to realizable values. The Company has incurred losses since inception (deficit at March 31, 2022, is \$43,793,680), which casts doubt on the ability of the Company to continue as a going concern. The Company has no revenue other than interest income. A mining project can typically require ten years or more between discovery, definition, development and construction and as a result, no production revenue is expected from any of the Company's exploration properties in the near future. All of the Company's short to medium-term operating and exploration expenses must be paid from its existing cash position or external financing. At March 31, 2022, the Company had working capital of \$459,010, compared to working capital of \$1,578,243 at March 31, 2021. Working capital is defined as current assets less current liabilities.

***First Energy may be unable to obtain the funds necessary to expand exploration.*** The Company's operations consist, almost exclusively, of cash consuming activities given that all of its mineral projects are in the early exploration stage. The Company will need to receive additional equity capital or other funding from the joint venture of one or more properties or the sale of one or more properties for the next year, and failing that, may cease to be economically viable. To date, the only sources of funds that have been available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further development thereof.

The Company does not have sufficient financial resources to fund operations for the balance of fiscal 2022. The Company has been successful in the past in obtaining financing through the sale of equity securities but as an exploration stage company, it is often difficult



to obtain adequate financing when required, and it is not necessarily the case that the terms of such financings will be favourable. If the Company fails to obtain additional financing on a timely basis, the Company could forfeit its mineral property interests, dilute its interests in its properties, sell one or more properties and/or reduce or terminate operations.

The Company is continuously reviewing strategies for private placement equity financings as well as other forms of financing that would carry the Company through the next fiscal year. If a private equity financing were to be completed, it is expected that warrants may be included in the securities offered. Any such financings will result in dilution of existing shareholders.

***Volatile metal prices and external market conditions can cause significant changes in the Company's share price because as the prices of metals increase or decrease, the economic viability of the mineral properties is affected.*** The Company has no history of mining or current source of revenue. The Company is exploring for metals and historically, the prices of the common shares of junior exploration companies are very volatile. This volatility may be partly attributed to the volatility of metal prices, and also to the success or failure of the Company's exploration programs. Market, financial and economic factors not directly related to mining activities can also affect the Company's ability to raise equity financing.

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***Fluctuations in financial markets can negatively impact the Company's ability to achieve sufficient funding.*** Over the last decade there have been periods of significant volatility in world financial markets. The volatility can negatively impact the Company's ability to raise sufficient equity financing to sustain operations. Future financial market volatility is likely and it should not be assumed that adequate funding will be available to the Company in amounts or at times when it is required.

#### **Risks Associated with Mineral Exploration**

***First Energy's exploration efforts may be unsuccessful in locating viable mineral resources.*** Resource exploration is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and/or quality to return a profit from production.

There is no certainty that expenditures to be made by the Company on the exploration of its properties and prospects as described herein will result in discoveries of mineralized material in commercial quality and quantities.

***Mineral Resource Estimates Are Only Estimates and May Not Reflect the Actual Deposits or the Economic Viability of Extraction.*** Although the Company carefully prepares its mineral resource figures, such figures are estimates only and no assurance can be given that the indicated tonnages and grade will be achieved. There is significant uncertainty in any mineral resource estimate. Estimates of inferred resources are the least certain of the resource categories and there is no assurance that such resources can or will be upgraded to another category of resource, or that further exploration will confirm or validate such estimates. Actual deposits encountered and the economic viability of, and returns from, a deposit (if mined) may differ materially from estimates disclosed by the Company or implied by estimates of mineral resources. The estimating of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting engineering and geological information. Mineral resource estimates are based on many things, including assumed commodity prices, continuity of mineralization, tonnage and grade of mineralization, metallurgy, estimated mineral recovery rates, cost of capital, mine development costs, operating costs and exchange rates. Changes in assumptions may result in a significant reduction in the reported mineral resources and thereby have a material adverse effect on the Company's results of operations and financial condition.

Estimated mineral resources may also require downward revisions based on changes in metal prices and further exploration or development activity. This could materially and adversely affect estimates of the tonnage or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource and reserve of estimates. Any reduction in estimated mineral reserves or estimated resources as a result could require material write downs in investment in the affected mining property, which could have a material and adverse effect on the Company's results of operations and financial condition.

The Company has not established the presence of any proven and probable reserves at any of its mineral properties. There can be no assurance that subsequent testing or future studies will establish proven and probable reserves on the Company's properties. The failure to establish proven and probable reserves could severely restrict the Company's ability to successfully implement its strategies for long-term growth.

***There is Uncertainty Relating to Mineral Resources.*** Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty, which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to indicated and measured mineral resources as a result of continued exploration. If mineral resources are not upgraded to proven and probable mineral reserves, it could materially and adversely affect and/or restrict the Company's ability to successfully implement its strategies for long-term growth.

***First Energy may not be able to market minerals if any are acquired or discovered by the Company due to factors beyond the control of the Company.*** The marketability of minerals that could in the future be acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulation, including regulation relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

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### **Environmental and Regulatory Risk Factors**

***Compliance with environmental regulations could affect future profitability and timeliness of operations.*** The current and anticipated future operations of the Company require permits from various federal, territorial and local governmental authorities. Companies engaged in the exploration and development of mines and related facilities must comply with applicable laws, regulations and permits.

The Company's exploration activities are subject to various laws governing land use, the protection of the environment, prospecting, development, commodity prices, exports, taxes, labour standards, occupational safety and health, waste disposal, toxic substances, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. The Company may be unable to obtain all permits required for exploration and development, and the costs of obtaining these permits may not be commercially reasonable. Existing laws and regulations may be modified, which could have an adverse effect on any exploration project that the Company might undertake.

***Failure to comply with environmental and reclamation rules could result in penalties.*** The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities but also the possible effects of such activities upon the environment. Environmental legislation may change and make mining uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions and a breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Company has been involved in the exploration of mineral properties for many years. Currently, the operations of the Company have been limited to exploration, and no mining activity has yet been undertaken. The mining industry is heavily regulated in North America, where the Company has its operations, so that permitting is required before any work is undertaken where there is any form of land disturbance. To date, land disturbance has been minimal and all required reclamation has been completed.

### **Other Risk Factors**

***First Energy business operations could be adversely affected by the continued outbreak of COVID-19.*** 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, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. To date, the Company has not experienced any significant impact to its business, results of operations, financial position and cash flows as result of the pandemic. However, it is not possible for the Company to predict the duration or magnitude of the adverse results of the pandemic and its impact on the Company's future business or results of operations.

***First Energy is dependent on its ability to recruit and retain key personnel.*** The success of the activities of the Company is dependent to a significant extent on the efforts and abilities of its management. Investors must be willing to rely to a significant extent on their discretion and judgment. The Company has relied on and will continue to rely on consultants and others for exploration, development and technical expertise. The ability of the Company to retain key personnel and its ability to continue to pay for services are dependent upon the ability of the Company to obtain adequate financing to continue operating as a going concern.

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***First Energy's title to mineral property interests may be challenged.*** Although the Company has done a review of titles to its mineral interests, it has not obtained title insurance with respect to its properties and there is no guarantee of title. The Company's mineral properties may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects. The Company's Canadian mineral property interests consist of mineral claims, which have not been surveyed, and therefore the precise area and location of such claims or rights may be in doubt. As there are unresolved native land claim issues in British Columbia, the Company's properties and prospects in this jurisdiction may be affected in the future. The Company's mineral properties in British Columbia are early-stage exploration and have no known mineral resources or reserves.

***First Energy's directors and officers serve as directors and/or officers of other publicly traded junior resource companies.*** Some of the directors and officers of the Company serve as officers and/or directors of other resource exploration companies and are engaged and will continue to be engaged in the search for additional resource opportunities on their own behalf and on behalf of other companies, and situations may arise where these directors and officers will be in direct competition with the Company. Such potential conflicts, if any, will be dealt with in accordance with the relevant provisions of British Columbia corporate and common law. In order to avoid the possible conflict of interest which may arise between the directors' and officers' duties to the Company and their duties to the other companies on whose boards they serve, the directors and officers of the Company expect that participation in exploration prospects offered to the directors or officers will be allocated among or between the various companies that they serve on the basis of prudent business judgement and the relative financial abilities and needs of the companies.

***First Energy may not be able to ensure certain risks which could negatively impact the Company's operating results.*** In the course of exploration, development and production of mineral properties, certain risks, and in particular unanticipated geological and operating conditions as well as fires, explosions, flooding, earthquakes, power outages, labour disruptions, and the inability to obtain suitable or adequate machinery, equipment or labour may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

***U.S. investors may not be able to enforce their civil liabilities against the Company or its directors, controlling persons and officers.*** It may be difficult for U.S. investors to bring and enforce suits against the Company. The Company is a corporation incorporated in British Columbia under the Business Corporations Act (British Columbia) and, consequently, there is a risk that Canadian courts may not enforce judgements of U.S. courts or enforce, in an original action, liabilities directly predicated upon the U.S. federal securities laws. The Company's directors and officers are residents of Canada or other countries other than the United States and all of the Company's assets are located outside of the United States. Consequently, it may be difficult for United States investors to affect service of process upon those directors or officers who are not residents of the United States, or to realize in the United States upon judgements of United States courts predicated upon civil liabilities under United States securities laws. It is unlikely that an original action could be brought successfully in Canada against any of such persons or the Company predicated solely upon such civil liabilities under U.S. securities laws.

### **Risks Relating to an Investment in the Securities of the Company**

***First Energy could be deemed a Passive Foreign Investment Company which could have negative consequences for U.S. Holders.*** Potential investors who are U.S. Holders (defined below) should be aware that the Company expects to be a passive foreign investment

company (“PFIC”) for the current fiscal year, may have been a PFIC in prior fiscal years and may continue to be a PFIC in subsequent years. If the Company were to be treated as a PFIC, U.S. Holders of the Company’s common shares would be subject to adverse U.S. federal income tax consequences, including a substantially increased U.S. income tax liability and an interest charge upon the sale or disposition of the Company’s common shares and upon the receipt of distributions on the Company’s common shares to the extent such distributions are treated as “excess distributions” under the U.S. federal income tax rules relating to PFICs. U.S. Holders could potentially mitigate such consequences by making certain elections with respect to the Company’s common shares. U.S. Holders are urged to consult their tax advisors regarding the Company’s PFIC classification, the consequences to them if the Company is a PFIC, and the availability and the consequences of making certain elections to mitigate such consequences. (See Item 10 Taxation -United States Tax Consequences).

***First Energy’s stock price may limit its ability to raise additional capital by issuing common shares.*** The low price of the Company’s common shares also limits the Company’s ability to raise additional capital by issuing additional shares. There are several reasons for this effect. First, the internal policies of certain institutional investors prohibit the purchase of low-priced stocks. Second, many brokerage houses do not permit low-priced stocks to be used as collateral for margin accounts or to be purchased on margin. Third, some brokerage house policies and practices tend to discourage individual brokers from dealing in low-priced stocks. Finally, broker’s commissions on low-priced stocks usually represent a higher percentage of the stock price than commissions on higher priced stocks. As a result, the Company’s shareholders pay transaction costs that are a higher percentage of their total share value than if the Company’s share price were substantially higher.

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***The liquidity of First Energy’s shares in the United States markets may be limited or more difficult to effectuate because First Energy is a “Penny Stock” issuer.*** The Company’s stock is subject to U.S. “Penny Stock” rules which make the stock more difficult for U.S. shareholders to trade on the open market. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in “penny” stocks. Penny stocks are equity securities with a price of less than US\$5.00 per share, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system provided that current prices and volume information with respect to transactions in such securities is provided by the exchange or system.

The Penny Stock Rules require a broker-dealer, prior to effecting a transaction in a penny stock not otherwise exempt from such rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market.

In addition, the Penny Stock Rules require that prior to a transaction in a penny stock not otherwise exempt from such rules the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. At the present market prices, the Company’s common shares will (and in the foreseeable future are expected to continue to) fall within the definition of a penny stock. Accordingly, United States broker-dealers trading in First Energy’s shares will be subject to the Penny Stock Rules. Rather than complying with those rules, some broker-dealers may refuse to attempt to sell penny stocks. As a result, shareholders and their broker-dealers in the United States may find it more difficult to sell their shares of the Company, if a market for the shares should develop in the United States.

***The market for the Company’s stock has been subject to volume and price volatility which could negatively affect a shareholder’s ability to buy or sell the Company’s shares.*** The market for the common shares of the Company may be highly volatile for reasons both related to the performance of the Company or events pertaining to the industry (e.g. mineral price fluctuation/high production costs/accidents) as well as factors unrelated to the Company or its industry.

Market demand for products incorporating minerals in their manufacture fluctuates over time, resulting in a change of demand for the mineral and an attendant change in the price for the mineral. The Company’s common shares can be expected to be subject to volatility in both price and volume arising from market expectations, announcements and press releases regarding the Company’s business, and changes in estimates and evaluations by securities analysts or other events or factors. In the last decade, securities markets in the United States and Canada and internationally have experienced periods of high price and volume volatility, and the market prices of securities of many companies, particularly small-capitalization companies such as the Company, have experienced wide fluctuations that have not necessarily been related to the operations, performances, underlying asset values, or prospects of such companies. For these reasons, the Company’s common shares can also be expected to be subject to volatility resulting from purely market forces over which the Company will have no control. Further, despite the existence of a market for trading the Company’s common shares in Canada, shareholders of the

Company may be unable to sell significant quantities of common shares in the public trading markets without a significant reduction in the price of the stock.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company**

The Company's executive office is located at:

700 West Georgia Street, 25<sup>th</sup> Floor  
Vancouver, British Columbia, Canada, V7Y 1B3  
Telephone: (604) 375-6005  
Email: [info@firstenergymetals.com](mailto:info@firstenergymetals.com)  
Website: [www.firstenergymetals.com](http://www.firstenergymetals.com)

The mailing address of the Company is Suite 2421, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3. The Company's fiscal year end is March 31.

The Company's common shares are listed on the Canadian Securities Exchange ("CSE" or the "Exchange") under the symbol "FE". Prior to March 1, 2019, the Company's common shares were trading on the TSX Venture Exchange ("TSX-V") under the symbol "FE". The Company shares are quoted on the OTCQB, (also under the symbol "FEMFF"), an electronic trading platform operated by the OTC Markets Group Inc. The Company's common shares are also quoted on the Frankfurt market under the symbol "A2JC89".

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The Company was incorporated under the laws of the Province of British Columbia, Canada on October 12, 1966. Effective March 29, 2004, the *Company Act* (British Columbia) was replaced by the *Business Corporations Act* (British Columbia). The *Business Corporations Act* (British Columbia) does not require a company's Notice of Articles to contain a numerical limit on the authorized capital with respect to each class of shares. Effective September 21, 2004, the Company altered the authorized capital of the Company from 50,000,000 shares without par value to an unlimited number of shares without par value. By Special Resolution effective June 23, 2011, shareholders approved the adoption of new articles for the Company. See Item 10B – Memorandum and Articles of Association.

Since its incorporation in 1966, the Company has been in the business of acquiring and exploring mineral properties. For most of the past three completed years, the Company has been principally attempting to locate deposits of precious metals in the Canadian provinces of British Columbia, Ontario and Quebec.

##### **Canada**

##### **Ontario**

##### **Phyllis Cobalt Property**

On January 29, 2018, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims (the "Phyllis Property") covering 1,750 hectares located in the Kenora Mining District in northwestern Ontario, Canada.

On January 29, 2019, and again on March 15, 2019, the Company entered into an amended option agreement (the "Phyllis Amendment Agreement") which amended the due dates for certain cash payments, share issuances and exploration expenditure requirements of the Phyllis Cobalt Agreement, as noted below.

Under the terms of the Phyllis Amendment Agreement, the Company has the option to acquire a 100% interest in the Phyllis Property by completing the following: issuing \$140,000 in option payments, issuance of 600,000 common shares of the Company and completing \$125,000 in exploration expenditures by June 2021. The Phyllis Property is subject to a royalty equal to 3% Net Smelter Return ("NSR") royalty upon commencement of commercial production. The Company will have the option to reduce the NSR to 2.0% by paying \$1,000,000.

The Company is currently in default of certain cash payments and share issuances under the Phyllis Amended Option Agreement and as result wrote-off all deferred costs incurred to date, while the Company and the Optionor continues negotiations for an amended agreement.

### **Red Lake Property**

On September 14, 2020, the Company entered in an option agreement to acquire a 100% interest in the Red Lake Property (“Red Lake”). The Red Lake property is located in the Red Lake Mining District of North-western Ontario and consists of 94 mining cell claims covering 1,880 hectares in the Ball and Todd townships.

Pursuant to the September 14, 2020, Red Lake Property Option Agreement, which was amended on February 28, 2021, and again on August 13, 2021, the Company acquired a 100% interest in the Red Lake Property by issuing 2,775,000 common shares during fiscal 2022.

The Red Lake property is subject to a 2.5% NSR royalty, with the Company having the option to reduce the NSR by 1% to 1.5% by paying \$1,000,000.

### **Scramble Mine Gold Property**

On June 2, 2020, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims (the “Scramble Mine Gold Property”) located in the Kenora Mining District in northwestern Ontario, Canada.

Under the terms of the Scramble Mine Option Agreement, the Company has the option to acquire a 100% interest in the Scramble Mine Gold Property by completing the following: completing \$100,000 in cash option payments, issuing 1,000,000 common shares of the Company as well completing \$250,000 in cumulative exploration expenditures on the property by June 2023.

The Scramble Mine Gold Property is subject to a 3% NSR royalty. The Company will have the option to reduce the NSR to 2.0% by paying \$500,000.

The Company is currently in default of certain share issuances and exploration expenditure commitments under the Scramble Mine Gold Property Agreement and as result has wrote-off all deferred costs incurred to date, while the Company negotiates an amended agreement with the Optionor.

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### **Shaw Gold Property**

On September 18, 2020, the Company entered into an option agreement with Gravel Ridge Resources Ltd. to acquire a 100% interest in the Shaw Gold Property (“Shaw Gold”). Shaw Gold is located in Timmins Area Ontario, Canada and is comprised of 18 claims covering approximately 693 hectares in the Shaw, Eldorado and Whitney Townships near Timmins, Ontario.

During the year ended March 31, 2022, the Company decided it would not be pursuing any further exploration work on the Shaw Gold property and as a result has written-off all deferred costs incurred to date.

### **British Columbia**

#### **Kokanee Creek and Independence Gold Properties**

On March 17, 2020, the Company entered in an option agreement to acquire a 100% interest in the Kokanee Creek and Independence Gold Properties (the “Properties”). The Properties are located in British Columbia and consist of 5 claims covering 2690 hectares.

On February 28, 2021 and again on August 13, 2021, the Company entered into an amended option agreements which amended the due dates for certain cash payments, share issuances and exploration expenditure requirements of the option agreement. During fiscal 2022, the Company completed the obligations under the amended option agreement to acquire a 100% interest in the Kokanee Creek Gold

Property. The property is subject to a 2.0% NSR royalty of which the Company will have the option to reduce the NSR by 1.0% by paying \$1,000,000 for each 1% of the NSR.

The Company has decided not to pursue further exploration work on the Independence Gold Property following assay results from its July 2020 exploration work on the property which indicated low values of gold, silver, and base metals and wrote-down deferred costs related to the property.

### **Bald Eagle Silver Property**

The Bald Eagle property is located in the Alberni Mining Division of British Columbia and consists of 3 mining claims covering 1,014 hectares.

On August 11, 2020, the Company entered into a purchase agreement with Geomap Exploration Inc. to acquire a 100% interest in the Bald Eagle Silver property (“Bald Eagle”). On February 28, 2021, the Company entered into an amended option agreement which amended the due date for the share issuance under the Bald Eagle Agreement. Under the terms of the amended purchase agreement, the Company acquired a 100% interest in the Bald Eagle Silver Property, by way of issuing 550,000 common shares of the Company on April 20, 2021. Bald Eagle is subject to a 2.0% NSR royalty of which the Company will have the option to reduce the NSR to 1.0% by paying \$500,000.

During the year ended March 31, 2022, the Bald Eagle claims were allowed to lapse and as a result the Company has written-off all deferred costs incurred to date as it works to re-stake the claims.

### **Kaslo Property**

The 100% Company owned 4,000 Ha Kaslo Silver Property (“Kaslo”), a silver target, hosts eleven historic high-grade silver mineralized zones within 14 kilometres of favourable horizon. Nine high-grade silver-lead-zinc mines operated on Kaslo at various times from 1895 to 1966. The property is located 12 kilometres west of Kaslo in southern British Columbia. The Company has no plans to conduct exploration work at this time.

### **Kootenay Lithium Project**

In March 2017, the Company purchased a 100% interest in the Kootenay Lithium Property which consists of a 100% interest in certain mineral claims covering 4,050 hectares located in the Revelstoke and Nelson Mining Divisions of southeastern British Columbia.

The Kootenay Lithium Property is subject to a 2.0% Net Smelter Return (“NSR”) mineral royalty and a 24% Gross Overriding Royalty (“GOR”) on gemstones produced from the Kootenay Property.

Under the original Kootenay Lithium Property purchase agreement, the Company is required to keep the Kootenay Lithium Property claims in good standing. As the Company had allowed certain annual mineral claim maintenance fees to lapse, the Company is in default of the agreement. The Company has refiled certain annual mineral claim maintenance fees of the property claims and will attempt to refile the remainder of the claims to restore the property agreement to good standing.

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## **Quebec**

### **Abitibi Lithium Property**

On March 12, 2021, the Company entered into a purchase agreement to acquire a 100% interest in the Abitibi Lithium property (“Abitibi Agreement”). The Abitibi Lithium property is comprised of 241 mineral claims covering over 12,779 hectares located in the Abitibi area of western Quebec.

The Company entered into a purchase agreement to acquire a 100% interest in the Abitibi Lithium Property on March 12, 2021. Under the terms of the Abitibi Agreement, the Company will acquire a 100% interest in the Abitibi Lithium Property by way of issuing 4,100,000 common shares of the Company and by paying \$250,000, which were issued and paid as of April 30, 2021. The Abitibi Lithium Property is subject to a 3% NSR, which the Company will have the option to reduce the NSR to 2% by paying \$1,000,000.

### **Titan Gold Property**

On October 2, 2020, the Company entered into an option agreement with Gravel Ridge Resources Ltd. to acquire a 100% interest in the Titan Gold Property (“Titan Gold”). Shaw Gold is located in the Abitibi Greenstone Belt, Quebec, Canada and is comprised of 80 mining claims covering approximately 4,402 hectares in the regional county municipal of Jamesie in Quebec.

Under the terms of the option agreement, the Company holds an option to acquire a 100% interest in the Titan Gold Property by paying cash payments of \$98,500 and the issuance of 600,000 common shares over a 3-year period.

The Titan Gold property is subject to a 1.5% NSR royalty. The Company will have the option to reduce the NSR by 0.5% to 1.0% by paying \$500,000.

### **Augustus Lithium Property**

On January 18, 2021, the Company entered into an option agreement to acquire a 100% interest in the Augustus Lithium property (“Augustus Agreement”). The Augustus Lithium property is comprised of 21 mineral claims covering over 937 hectares located in the Abitibi area of western Quebec.

Pursuant the option agreement, the Company holds the option to acquire a 100% interest in the property by completing the following: make \$180,000 in cash option payments, the issuance of 2,000,000 common shares of the Company and the completion of \$550,000 in cumulative exploration expenditures on the property by January 2024.

The Augustus Lithium Property is subject to a 2% NSR royalty. The Company will have the option to reduce the NSR by 1.0% to 1.0% by paying \$1,000,000.

### **Canadian Lithium Property**

On February 3, 2021, the Company entered into an option agreement to acquire a 100% interest in the Canadian Lithium property (“Canadian Lithium Agreement”). The Canadian Lithium property is comprised of 12 mineral claims covering over 671 hectares located in the Landrienne Township area of Quebec.

Pursuant the option agreement, the Company holds the option to acquire a 100% interest in the property by completing the following: make \$60,000 in cash option payments, the issuance of 875,000 common shares of the Company by February 2023.

The Canadian Lithium Property is subject to a 2% NSR royalty. The Company will have the option to reduce the NSR by 1.0% to 1.0% by paying \$1,000,000.

### **McNeely Lithium Property, Quebec**

Pursuant to the McNeely Lithium Property purchase agreement entered on June 7, 2021, the Company acquired a 100% interest in the McNeely Lithium Property, located in Quebec, by issuing 2,000,000 common shares and paying \$250,000. The McNeely Lithium Property is subject to a 3.0% Gross Metal Royalty (“GMR”). Certain of the claims are subject to a pre-existing 1.0% NSR. The Company will have the option to purchase the NSR by paying \$200,000 to the NSR holder.

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### **Falcon Lake Property**

On January 3, 2022, the Company entered into an option agreement to acquire a 100% interest in the Falcon Lake property (“Falcon Lake Agreement”). The Falcon Lake property is comprised of 48 mineral claims covering approximately 987 hectares located in the Thunder Bay Mining Division, Ontario.

Under the terms of the Falcon Lake Agreement, the Company has the option to acquire a 100% interest in the property by way of issuing 600,000 common shares, paying \$85,000 in cash option payments and the completion of \$450,000.



## **Electron Lithium Property**

On March 2, 2022, the Company entered into a purchase agreement to acquire a 100% interest in the Electron Lithium property (“Electron Agreement”). The Electron Lithium property is comprised of 435 mineral claims covering approximately 20,357 hectares of prospective land around the Augustus Lithium Property in western Quebec.

Under the terms of the Electron Lithium Agreement, the Company has the right to acquire a 100% interest in the Electron Lithium property by issuing an aggregate 3,750,000 common shares of the Company and by paying an aggregate \$300,000. The Electron Lithium Property is subject to a 3% GMR royalty, which the Company will have the option to reduce the GMR by 1.0% to 2.0% by paying \$1,000,000.

## **Russel Graphite Property**

On May 3, 2018, the Company entered into an option agreement to acquire a 100% interest in the Russel Graphite Property which is comprised of 30 mineral tenures covering a contiguous block of 1,798 hectares of land located in the Gatineau area of Quebec, Canada.

In fiscal 2020, the Company announced the termination of its option agreement on the Russel Graphite property and wrote down the carrying value of the property down to a \$Nil carrying value.

## **USA**

### **Nevada**

## **Highway 95 Property**

On June 20, 2018, the Company entered into an option agreement (the “Highway 95 Agreement”) to acquire a 100% interest in the Highway 95 Property by making certain option payments of cash and shares. The property is comprised of 2,400 acres located in Nye County Nevada, USA.

On November 9, 2018 the Company and the optionor mutually agreed to terminate the Highway 95 Agreement, with no option payments having been issued or owing.

## **B. Business Overview**

### **General**

(i) *Nature of Company:*

The Company has historically been a junior resource company engaged in the exploration and development of mineral properties. It currently maintains early-stage exploration properties in Canada.

(ii) *Principal Markets:* Not Applicable.

(iii) *Seasonality:* Not Applicable.

(iv) *Raw Materials:* Not Applicable.

(v) *Marketing Channels:* Not Applicable.

(vi) *Dependence:* Not Applicable.

(vii) *Competitive Position:* Not Applicable.

(viii) *Material Effect of Government Regulation:* The Company’s exploration activities and its potential mining and processing operations are subject to various laws governing land use, the protection of the environment, prospecting, development, production, contractor availability, commodity prices, exports, taxes, labour standards, occupational safety and health, waste disposal, toxic substances, safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There is no assurance that the Company will be able to obtain all permits required for exploration, any future development and construction of mining facilities and conduct of mining operations

on reasonable terms or that new legislation or modifications to existing legislation, would not have an adverse effect on any exploration or mining project which the Company might undertake.

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### **C. Organizational Structure**

Not Applicable.

### **D. Property, Plant and Equipment**

*Data disclosed in this Annual Report on Form 20-F, including sampling, analytical and test data, have been reviewed and verified by Afzaal Pirzada, P.Geo., the Company's Qualified Person as defined by National Instrument 43-101.*

The Company's mineral property interests in Canada are in good standing and all payments on the properties are up to date, except as noted above under Item 4 A.

None of the Company's projects have known reserves, and exploration work is exploratory in nature.

### **Exploration Projects - British Columbia, Ontario and Quebec Properties**

The Company has several early-stage exploration properties located in Canada. The Kokanee Creek Property, Kaslo Property, Bald Eagle Silver and Kootenay Lithium Project are located in British Columbia, the Phyllis Cobalt Property, Red Lake Gold, and Scramble Gold Property, Falcon Lake are located in Ontario and Titan Gold, Abitibi Lithium Augustus Lithium, Canadian Lithium, McNeely Lithium Property and Electron Lithium are located in Quebec.

#### **(1) Augustus Lithium Property, Quebec, Canada**

The Augustus Lithium Property is located in Landrienne & Lacorne-Townships, Quebec, Canada. The Augustus Lithium property is comprised of 21 mineral claims covering over 937 hectares located in the Abitibi area of western Quebec.

The Property is a part of the Preissac-Lacorne pegmatite fields where spodumene bearing lithium pegmatites were discovered in 1940s'. The geology and the mineralization of the Augustus property are similar to the geology and mineralization of the Quebec Lithium Mine located approximately 6 kilometers to the southeast of the property. It has excellent infrastructure support with road network, railway, electricity, water, and trained manpower available locally. Geologically the Preissac-Lacorne area lies within a belt of volcanic and sedimentary rocks intruded to the north by LaMotte batholiths and to the south by the Preissac batholiths and Moly Hill pluton.

There are several historical and currently active lithium and molybdenum prospects/mines located approximately 3 km to 20 km from the Property. Some of the important prospects/mines are: Mine Quebec Lithium which was formerly owned by RB Energy, Authier Lithium owned by Sayona Mining of Australia, Valor Lithium, Duval Lithium, Lacorne Lithium, International Lithium, Vallee Lithium, and Moly Hill Mine. All these projects / prospects are at various stages of exploration and development, out of which Mine Quebec Lithium is the most advanced project followed by Authier lithium project.

#### 2022 Exploration Highlights:

- Completed Phase 1 drill program of 5,847.15 meters consisting of 32 drill holes;
- On December 6, 2021, the Company commenced Phase 2 drill program; with the following drill hole results:
  - Drill hole LC21-09 intersected a 39 meters spodumene pegmatite in which a 7-meter-wide zone assayed 1.12 percent (%) lithium oxide (Li<sub>2</sub>O) at 11 metres (m) drilled depth;
  - Drill hole LC21-18 intersected several spodumene bearing lithium pegmatite intercepts from 58.2 metres (m) to 160 m drilled depth; of which the most promising intercept grading 1.56 percent (%) lithium oxide (Li<sub>2</sub>O) over 6 m at 114 m drilled depth, and a second 19 m wide intercept grading 0.48% Li<sub>2</sub>O at 141 m drilled depth;
  - Drill hole LC21-17 intersected two spodumene bearing lithium pegmatite intercepts, of which the first is 5.2 metres (m) wide zone grading 0.93 percent (%) lithium oxide (Li<sub>2</sub>O) at 214 m drilled depth, and a second 4.0 m wide intercept grading 0.30% Li<sub>2</sub>O at 292 m drilled depth; and

- Drill hole LC21-19 intersected 1.26 percent (%) lithium oxide (Li<sub>2</sub>O) or 5,849 parts per million (ppm) lithium over 2.7 m at 61 m drilled depth.

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## **(2) Canadian Lithium Property, Quebec, Canada**

The Canadian Lithium property is comprised of 12 mineral claims covering over 671 hectares located in the Landrienne and La Corne Township areas approximately 40 kilometres northwest of the town of Val d'Or, Quebec.

The Canadian Lithium Property is a worked deposit located in Range 1 lot 25-26 in the Landrienne Township at G.P.S 284861 E - 5368288 N. The main outcrop was discovered in 1948 near the boundary line separating the Landrienne and Lacorne Townships. A group of parallel pegmatite dykes associated with Lacorne Batholith contains aggregates of spodumene, lepidolite, quartz and feldspar accompanied by traces of beryl, clevelandite, colombo-tantalite. Historical drilling in 1955 on claim CDC-2196058 documented on the Quebec Ministry of Energy and Natural Resources (MERN) database indicate a total of 12 drill holes with a cumulative drilling 1,454 metres indicating extension of Canadian Lithium deposit to the west on this newly acquired claim.

### 2022 Exploration Highlights:

- April 27, 2021 announced assay results of channel samples at the Beluga Pegmatite of the Canadian Lithium Prospect cut a 32-meter-wide section with an average of 0.74% Li<sub>2</sub>O which includes 14 meters of spodumene pegmatite with 1.61 percent lithium oxide;
- May 4, 2021 announced assay results of the "Channel 21-2E" samples at the Beluga Pegmatite of the Canadian Lithium Prospect cut a 31-meter-wide section with an average of 0.37% lithium oxide which includes 4 meters of spodumene pegmatite at 1.20 percent Li<sub>2</sub>O;
- May 6, 2021 announced results drill hole LC21-003 intersected a six-meter-wide zone with 0.62 percent (%) lithium oxide (Li<sub>2</sub>O) at 45 metres (m) depth including a two metres wide intersection with 1.35% Li<sub>2</sub>O at 48 m depth. A second two-meter-wide pegmatite intersection assayed 0.63% Li<sub>2</sub>O at 73 m depth.
- June 15, 2021 announced assay results of the north extension of the "Channel 21-2E" samples at the Beluga Pegmatite of the Canadian Lithium Prospect cut an 8-meter-wide section with an average of 1.44% lithium oxide (Li<sub>2</sub>O);

## **(3) Abitibi Lithium Property, Quebec, Canada**

The Abitibi Lithium property is comprised of 241 mineral claims covering over 12,779 hectares located in the Abitibi area of western Quebec, approximately 40 kilometres northwest of the town of Val d'Or, Quebec. The Abitibi Lithium Property claims are spread in several claim blocks of which some of the claims are located adjacent to the Augustus Lithium Property claims.

## **(4) McNeely Lithium Property, Quebec, Canada**

The McNeely Lithium Property is comprised of 66 mining claims covering a total area of 2,276 hectares located in LaCorne, Landrienne and Figuery Townships, Province of Quebec, Canada. These claims are spread out in several claim blocks along the Quebec Lithium Mine horizon. Some of the claims are located adjacent to the Augustus Lithium Property claims.

## **(5) Kokanee Creek Gold Property, British Columbia, Canada**

### Kokanee Creek Gold Property

The Kokanee Creek Gold Property consists of three mineral claims covering approximately 1,590 hectares area in Nelson Mining Division in British Columbia, Canada. It is located 18 km to the east of Nelson on NTS map 082F055. The Property is part of a very active mining area with several historical and current gold, silver and base metals deposits located in the region. Nelson is a historical mining town dating back to the discovery of Toad Mountain Silver deposit in 1886. The Blue Bell Mine, located near the town of Riondel approximately 20 km NE of the Kokanee Creek Claims, is a manteau-type base metal deposit hosted by the Badshot limestones of the Lardeau Group. Closer to the Kokanee Claims are historical past producers the Molly Gibson and the Alpine.

### 2021 Exploration Highlights:

- Silver (Ag) values are in the range of 0.19 grams per tonne (g/t) to 43.69 g/t with average of 27 samples is 7.95 g/t, while seven samples are over 10 g/t, and two samples are 43.69 g/t.
- Gold (Au) values are 0.006 g/t to 0.211 g/t with average 0.054 g/t.
- Zinc is from 29.3 parts per million (ppm) to over 10,000 ppm (>1% Zn), where three samples are over the laboratory's method detection limits of 10,000 ppm.

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- Cobalt (Co) is from one ppm to over 2,000 ppm (>0.2%) where one sample is over the laboratory's method detection limits of 2,000 ppm.
  - Tungsten (W) is from less than 0.1 ppm to over 100 ppm (>100ppm) where one sample is over the laboratory's method detection limits of 100 ppm.

Historical work highlights for the property are provided below:

- The Kokanee Creek Claims were staked by Eagle Plains Resources and Miner River Resources in 1996 after base metal mineralization was found on the Lower Kokanee Creek Road. Eagle Plains Resources completed silt and soil geochemical surveying, diamond drilling, chip sampling and 3.5 kilometres of horizontal loop electromagnetic geophysical surveying. A 5-hole drill program consisting of 1500 feet (457 m) drilling in February-March 1997 resulted in the discovery of near surface gold mineralization. Hole KC97-02 (Azimuth 052°/ Dip -45°) returned 26.11 g/t gold over 0.7m from 7.0-7.7m, and 13.52 g/t gold over 1.4m from 21.8-23.2m. All five holes returned encouraging gold, silver, lead or zinc mineralization at shallow depths. Fieldwork conducted during 1997 indicated the extension of the mineralized zone to the north, south and west.
- In addition, rock samples within the zone returned values of 3.54% zinc, 4.22 g/t gold, and 48.0 g/t silver. A continuous chip rock sample taken along a road cut returned 0.3% zinc over 55 m, and 2.26 g/t gold over 5m.
- An airborne electromagnetic geophysical survey was flown over the property by Eagle Plains Resources Ltd. in 2004. The results indicated two magnetic high features in the south western part of the property, in the area of the Big M / Kokanee Creek Minfile showing and another feature northeast of the Home Minfile occurrence.

*Cautionary Statement: Readers are cautioned that the above information for the Kokanee Creek Gold Property and Independence Gold Property has been taken from the BC Government's database at following websites: <https://www.mtonline.gov.bc.ca/mtov/home.do>. The Company has not verified the information and the information is not necessarily indicative of the mineralization on these properties. The Company is in the process of compiling geological and historical exploration work on each property and will provide an update as soon as the information is available.*

The Company will not pursue completing any further exploration work on the Independence Gold Property following assay results from its July 2020 exploration work on the property which indicated low values of gold, silver, and base metals.

## **(6) Scramble Gold Property, Ontario, Canada**

The Scramble Mine Gold property is comprised of six mining claims covering approximately 140 hectares land, located in Jaffray Township, Kenora Mining District, approximately 8 kilometres east of the town of Kenora in Northwestern Ontario. The mine was discovered in 1894 but after an initial exploration phase remained essentially dormant until 1984 when Boise Cascade Canada Ltd. commenced an evaluation of the property. Since 1984, approximately 5,200 metres of diamond drilling, 250 metres of surface stripping with sampling and 450 metres of underground development have taken place. The zone of mineralization, including pyrite-gold enriched biotite-rich schist felsic units and veins, extends on surface and in drill holes for about 550 metres. Size of the deposit is 915 meters (m) long along strike, 3.7 m wide and 366 m to 475 m deep. Historical resource at the Property is estimated at 150,000 tons at an average grade of 0.24 ounces per ton (opt) (6.8 grams/ton) (having grades of up to 9.15 opt (259 grams/ton). The deposit is documented to have 70,000 ounces of contained gold using a cut-off grade of 0.05 opt (1.42 grams/ton).

### 2021 Exploration Highlights of Phase 1 and Phase 2 exploration programs:

- Average value of gold in grab samples from the Phase 2 samples was 29.34 grams per tonne (1.03 ounces per tonne);
- Phase 2 gold assays ranged from 5.03 grams per tonne (0.18 oz/t) to 82.30 (2.90 oz /t) with two samples assaying over 2 oz/t, with all samples assaying over 5 grams per tonne gold;

- Phase 1 exploration intersected 2 meters of average 4.69 grams per ton (g/t) gold (Au) in channel samples (Samples #294304 and 294305), with one-meter channel sample (#294304) assayed 3.24 g/t gold and 5.93 g/t silver, and second one-meter channel sample (#294305) assayed 6.15 g/t gold;
  - Phase 1 average of four-meter-thick channel sampling across quartz vein material is 2 g/t gold;
  - The Phase 1 channel samples were collected 320m along strike from the historic shaft of the Scramble mine indicating continuity reports and data.
- 

The Company wants to caution that grab samples from the Phase 2 work are selected samples and are not necessarily representative of the mineralization hosted on the property.

*Cautionary Statement: Investors are cautioned that the above information has been taken from Ontario Ministry of Energy, Northern Development and Mines (MNDM) online database. The reference for Scramble Mine information as documented in MNDM records is: "Parr, M. and Kuehnbaum, R. 1990. The Scramble Mine Gold Deposit; Field Trip No.2, Canadian Institute Mining, Metallurgy and Petroleum, Exploration and Mining Geology, 14th Annual Meeting, pp. 41-65". The Company has not verified the information available. A qualified person from the Company has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; and the Company is not treating the historical estimate as current mineral resources or mineral reserves. The Company believes that the historic estimate is relevant to an appraisal of the merits of the property and forms a reliable basis upon which to develop future exploration programs. The Company will need to conduct further exploration which will include drill testing the project, and there is no guarantee that the results obtained will reflect the historical estimate.*

## **(7) Phyllis Cobalt Property, Ontario, Canada**

### **Description**

Located in the Kenora Mining District of Ontario, the property consists of 112 mineral claim units totalling 1,750 hectares in Grummett and Cathcart townships. The property has year-round access 192km northwest of Thunder Bay, ON via Hwy 17 and 9km south on a gravel forestry road.

### **Geology**

The Phyllis Property claim block occupies the central portion of an ENE-WSW trending greenstone belt, consisting of Mesoproterozoic to Neoproterozoic age mafic to ultramafic rocks. These are bound by granite of varying composition - ranging from tonalite to biotite-granodiorite (Atikokan-Lakehead Sheet Map 2065) as shown in Figure 1. Recent mapping undertaken by the Ontario Geological Survey (Gulliver River Sheet, Map 3370), which includes a small portion of the Phyllis claims, suggests that there is a greater abundance of ultramafic metavolcanics than previously indicated. The regional foliation follows the general trend of the greenstone belt.

### **Mineralization**

The initial cobalt discovery was made in 2010 by Don Dobransky, named the "Phyllis Central" occurrence. This discovery is characterized by an 80m x 60m outcrop and appears as a fairly structureless gabbro, with the exception of an array of narrow quartz veins and veinlets, which have sharp contacts with the country rock and trend roughly NE-SW, and appear to have been intruded relatively recently. The gabbro itself is fine-to medium grained and appears highly altered. The exposed outcrop follows the northern flank of a gentle hill. Earlier excavations focussed in the uppermost parts of the topographic profile. The sampling as seen in Figure 2. This worked confirmed the presence of economic grades of cobalt mineralization up to 0.33% Co (including 1.2% Cu and 0.39% Ni).

Assay results from recent drill program in March 2019 for two drill holes had the following results: Drill hole PC-19-02 intersected 12.1m with 0.10% Cobalt (Co), 0.79% Copper (Cu), and 0.08% Nickel (Ni); and the second drill hole PC-19-01 intersected 4.4m with 0.09% Co, 0.54% Cu, 0.16% Ni.

## **(8) Bald Eagle Silver Property, British Columbia, Canada**

The Bald Eagle Property consists of three mining claims covering approximately a 1,014-hectare area in Alberni Mining Division, British Columbia, Canada is located 30 km to the northeast of Ucluelet and approximately 57km by road west of Port Alberni in the west coast of Vancouver Island.

**(9) Titan Gold Property, Quebec, Canada**

The Titan Gold property is comprised of 80 mining claims covering approximately 11,000 acres land in the "municipalité régionale de comté" "regional county municipal" ("MRC") of Jamesie in Quebec.

**(10) Red Lake Gold Property, Ontario, Canada**

The Red Lake Gold Property is located in the Red Lake Mining District, Northwestern Ontario, Canada. The Property is comprised of 94 mining cell claims covering approximately 1,880 hectares land in Ball and Todd townships. Geologically, the area is underlain by the Red Lake greenstone belt of Ontario, an accumulation of Archean-age metavolcanic, metasedimentary, and intrusive rocks comprising a portion of the Uchi Sub-province of the Superior Province of the Canadian Shield.

The Red Lake Gold Property is located in the prolific Red Lake gold mining camp which is one of the largest gold camps in North America with a 457 square kilometres land package famous for its high-grade gold deposits with historical production exceeding 30 million ounces of gold, mostly from the iconic Campbell and Red Lake gold mines and ten smaller mines.

**(11) Kaslo Property, British Columbia, Canada**

The Kaslo property is without known mineral resources and reserves and previous exploration programs were exploratory in nature. In fiscal 2012, the Company wrote down the value of the property to \$nil.

The 4,000-hectare property is located 12 km west of the town of Kaslo in southern British Columbia. Access to the property is via Highway 31A for seven km west from Kaslo, then 4.5 km southwest along Keen Creek Road to the property boundary.

Kaslo includes nine former, small mines, which were originally discovered and worked for high-grade silver ores during the heyday of the Slocan Mining Camp at the end of the 19th century. Intermittent exploration, development and production have taken place at various locations on the property since that time, most notably in the 1920s and 1950s. The Cork-Province Mine was consolidated in 1914 and was the longest-lived producer in the camp when it closed in 1966. Five former workings, the Silver Bear, Hartford, Gibson, Gold Cure, and Bismark are situated along the Gold Cure Shear zone, which has been traced northeast across the property for 7.1 km. Five additional workings, the Black Bear, Cork, Province, Dublin and Black Fox workings lie along the parallel 4.1 km long Cork Shear zone, located in the Keen Creek valley approximately 1 km north of the Gold Cure Shear zone. Both shears are open along strike to the north and at depth.

**Exploration Amounts Expensed**

Exploration expenses in the five fiscal years ended March 31:

Year	2022	2021	2020	2019	2018
<b>British Columbia</b>					
Kokanee Creek	\$74,500	\$48,820	\$Nil	\$Nil	\$Nil
Kaslo Silver	Nil	Nil	Nil	Nil	260
Kootenay Lithium	Nil	Nil	3,028	5,038	868
<b>Ontario</b>					
Phyllis Cobalt	21,047	Nil	Nil	119,813	32,929
Scramble Gold	Nil	49,229	Nil	Nil	Nil

Shaw Gold	Nil	713	Nil	Nil	Nil
<b>Quebec</b>					
Titan Gold	75	50,637	Nil	Nil	Nil
Augustus Lithium	1,502,261	68,352	Nil	Nil	Nil
Canadian Lithium	Nil	14,750	Nil	Nil	Nil
<b>General exploration</b>	11,238	13,600	Nil	5,995	6,910
<b>Total</b>	\$1,609,121	\$246,101	\$3,028	\$151,846	\$40,967

The Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued common shares in each of the past few years, pursuant to private placement financings and the exercise of warrants and options.

#### ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

#### ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Management's discussion and analysis is presented in relation to the consolidated financial statements of First Energy, which statements are prepared as a going concern in accordance with IFRS.

The Company is a mineral exploration company with no producing properties and consequently has no current operating income or cash flow. All of the Company's short to medium-term operating and exploration cash flow must be derived from external financing.

The consolidated financial statements referred to in this Annual Report have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in the consolidated financial statements are based on the IFRS issued and outstanding as at March 31, 2022.

#### A. Operating Results

##### Fiscal 2022 compared to Fiscal 2021

The net loss and comprehensive loss for the year ended March 31, 2022 (the "Current Year") was \$4,691,322, a \$2,231,661 increase over the net loss of \$2,459,661 for the year ended March 31, 2021 (the "Comparative Year"). The significant variances for the Current Year and Comparative Year are as follows:

- Consulting fees were \$127,833 in the Current Year, a decrease of \$225,918 over \$353,751 for the Comparative Year. Consulting fees consist primarily of corporate advisory and development fees; Exploration and evaluation expenditures were \$1,609,121 in the Current Year, an increase of \$1,363,020 over \$246,101 for the Comparative Year. The increase is due primarily to exploration drill programs on its Quebec lithium prospects carried out during the Current Year;
- Investor relations were \$988,025 in the Current Year, an increase of \$790,013 over \$198,012 for the Comparative Year. Investor relations consist on North American and European Investor Marketing programs;
- Professional fees were \$87,168 in the Current Year, an increase of \$26,798 over the Comparative Year. The increase in professional fees corresponded with the increase in the Company's activities during the Current Year;
- Salaries, fees and benefits were \$188,021 in the Current Year, an increase of \$41,521 over the Comparative Year. The increase in compensation is due primarily to the increase in the Company's operating activities;
- Shareholder communications was \$763,095 for the Current Year, an increase of \$474,071 over \$289,024 for the Comparative Year. The increase is primarily due to multiple shareholder and investor programs initiated during the Current Year. In Fiscal 2022, the Company initiated additional shareholder communication programs focused on increasing market and investor awareness of the

- Company by engaging several groups to assist in growing the Company's online and digital media presence throughout North America and European markets. The normal course of business expenses such as transfer agent fees, exchange listing fees, website maintenance and news release costs were also higher due to the increase in the Company's activities in the Current Year; Share-based compensation was \$632,450 in the Current Year, while the Comparative Year was \$990,321 expense. Share-based compensation expense is the estimated fair value of the stock options granted and vested to directors, officers and consultants during the year;
- Recovery of flow-through premium liability was \$200,691 in the Current Year (2021 - \$Nil) due to the flow through recovery during the current year; and
  - Write-down of exploration and evaluation assets was \$480,250 for the Current Year (Comparative Year - \$163,375) was due to the Company's write down of the deferred costs on certain properties for which the Company is either negotiating amendment agreements, re-staking claims or has decided not to continue with further exploration work on the property.

### **Fiscal 2021 compared to Fiscal 2020**

The net loss and comprehensive loss for the year ended March 31, 2021 (the "Current Year") was \$2,459,661 compared to a net loss for the year ended March 31, 2020 (the "Comparative Year") of \$447,629. The increase in net loss of \$2,012,032 was primarily due to the following:

- Consulting fees were \$353,751 in the Current Year, an increase of \$80,251 over the Comparative Year. The increase for the Current Year was primarily the result of corporate advisory and development fees incurred;
- Exploration and evaluation expenditures were \$246,101 in the Current Year, an increase of \$243,073 over the Comparative Year. The increase is due to several exploration programs conducted during the Current Year on its lithium and gold prospects;
- Professional fees were \$60,370 in the Current Year, an increase of \$20,119 over the Comparative Year. The increase was primarily due to legal fees associated with the increase in the Company's activities during the Current Year;
- Salaries, fees and benefits were \$146,500 in the Current Year, an increase of \$76,500 over the Comparative Year. The increase in compensation is due primarily to the increase in the Company's operating activities;

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Shareholder communications increased by \$465,237 from \$21,799 in the Comparative Year to \$487,036 in the Current Year. The increase is primarily due to multiple shareholder and investor programs initiated during the Current Year. In Fiscal 2021, the Company initiated shareholder communication programs focused on increasing market and investor awareness of the Company

- by engaging several groups to assist in growing the Company's online and digital media presence throughout North America and European markets. Additionally, the Company's incurred costs associated with the initial listing of the Company on the OTCQB as well as on their ongoing filing fees. The normal course of business expenses such as transfer agent fees, website maintenance and news release costs were also higher due to the increase in the Company's activities in the Current Year;

- Share-based compensation was \$990,321 in the Current Year, while the Comparative Year had \$Nil expense. The increase in expense was the estimated fair value of the stock options granted to director, officers and consultants during the Current Year;

- Write-down of exploration and evaluation assets was \$163,375 for the Current Year (Comparative Year - \$27,000) was due to the Company's write down all the deferred costs of the Independence Gold Property as it will not be pursuing any further exploration work on the property.

The Company's projects are at the exploration stage and have not yet generated any revenue from production to date.

Readers should refer to the notes to the consolidated financial statements for details regarding all the mineral leases and option to joint venture agreements for each of the Company's properties.

### **B. Liquidity and Capital Resources**

#### **Financial Conditions for the year ended March 31, 2022**



The Company's major source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued common shares during each of the last several years, pursuant to private placement financings and the exercise of warrants and options.

There is no assurance that the Company will be continue to be successful with any financing ventures. Please refer to Item 3 – Key Information – section D - Risk Factors in this document.

At March 31, 2022, First Energy had working capital of \$459,010 compared to working capital of \$1,578,243 at March 31, 2021. As at March 31, 2022, the amount of flow-through proceeds remaining in cash to be expended is approximately \$775,247 (March 31, 2021 - \$1,300,000).

First Energy began the year ended March 31, 2022, with \$2,158,688 in cash. During the year ended March 31, 2022, the Company expended \$4,503,760 on operating activities, net of working capital changes, expended \$675,000 on investing activities through the issuance of purchase and option payments for exploration and evaluation assets and generated \$3,131,558 from financing activities which was attributable to proceeds from share issuances, net of share issue costs, to end at March 31, 2022 with \$111,486 in cash.

The Company's financial statements were prepared using IFRS applicable to a going concern. Several adverse conditions cast substantial doubt on the validity of this assumption – see “Going Concern” disclosure below. The Company holds its cash in bank accounts that earn interest at variable interest rates.

Operations for the year ended March 31, 2022, have been funded primarily through non-brokered private placement financings with the issuance of equity.

### **Capital Resources**

As discussed above, at March 31, 2022, the Company's working capital was \$459,010 compared to a working capital of \$1,578,243 at March 31, 2021. The Company's continued operations are dependent upon the Company's ability to obtain sufficient financing to carry on planned operations. The Company estimates that these funds will not be sufficient to provide the Company with the financial resources to carry out currently planned exploration and operations through the next twelve months and will therefore will need to seek additional sources of financing to meet all exploration expenditures for its property commitments as well its ongoing operations.

The Company had 78,238,894 common shares issued and outstanding as at March 31, 2022 (March 31, 2021 – 49,522,670).

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### **Share Capital**

The Company's continued operations are dependent upon the Company's ability to obtain sufficient financing to carry on planned operations.

#### **Fiscal 2022 and subsequently up to July 27, 2022**

During fiscal year 2022, the Company issued 232,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of \$49,200. Fair value of the warrants exercised was \$11,150.

On June 3, 2021, the Company closed non-brokered private placements for aggregate gross proceeds of \$1,000,000 and through the issuance of 2,003,376 flow-through units ("FT Units") at \$0.385 per FT Unit for proceeds of \$771,300 and through the issuance of 682,687 units ("Units") at \$0.335 per Unit for gross proceeds of \$228,700. Share issue costs were \$67,727, which included a finder's fee of 8% paid in connection with the above noted private placement of \$64,384 cash and \$3,343 in other share issue costs.

On November 26, 2021, the Company closed a non-brokered private placement for aggregate proceeds of \$2,200,000 from the sale 8,800,000 units at a price of \$0.25 cents per unit (the "Unit"). Share issue costs were \$14,715, which included a finder's fee of 5% paid in connection with the above noted private placement of \$13,750 cash.

On May 2, 2022, the Company closed a non-brokered private placement, consisting of 3,448,571 flow-through units (“FT Units”) priced at \$0.245 per FT Unit and 2,750,000 non-flow through units (“NFT Units”) priced at \$0.20 per NFT Unit for aggregate gross proceeds of \$1,394,900. Each FT Unit consists of one flow-through common share and one-half of one common share purchase warrant (each a “Flow Through Warrant”). Each whole Flow Through Warrant entitles the holder to purchase one common share at a price of \$0.45 for a period of two years from the issue date. Each NFT Unit consists of one non-flow-through common share and one non-flow-through common share purchase warrant. Each NFT warrant entitles the holder to purchase one common share at a price of \$0.50 for a period of one year from the issue date. The Company also paid finder’s fees of \$25,350 and issued 126,750 finder’s shares.

#### Fiscal 2021

During fiscal year 2021, 6,698,667 share purchase warrants were exercised for the issuance of 6,698,667 common shares for total proceeds from the exercise was of \$1,137,600. Fair value of the warrants exercised for the share issued was \$239,467.

On December 31, 2020, the Company closed the first tranche of a non-brokered private placement, consisting of 1,000,000 Flow-Through Units (“FT Units”) for gross proceeds of \$250,000.

On January 27, 2021, the Company closed the second and final tranche of balance a non-brokered private placement, consisting of 400,000 Flow-Through Units (“FT Units”) and 1,250,000 non-flow through units (“NFT Units”) for gross proceeds of \$350,000.

On March 4, 2021, the Company closed a non-brokered private placement, consisting of 4,000,000 Flow-Through Units (“FT Units”) and 2,950,000 non-flow through units (“NFT Units”) for gross proceeds of \$1,550,000.

#### Fiscal 2020

During fiscal 2020, the Company issued 750,000 common shares pursuant to the exercise of 750,000 common share purchase warrants at the exercise price of \$0.12 for total proceeds of \$90,000. At March 31, 2020, the \$90,000 in proceeds were included in share subscriptions receivable. The full amount has subsequently been received in fiscal 2021.

On March 31, 2020, the Company completed a non-brokered private placement, consisting of 8,000,000 non-flow-through units and 2,000,000 flow-through shares for gross proceeds of \$500,000.

**The securities offered have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an available exemption from the registration requirements.**

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#### **Stock Options**

During the year ended March 31, 2022, pursuant to the Company’s stock option plan, the Company granted 850,000 stock options at an exercise price of \$0.35 per share, expiring on May 14, 2026, 900,000 stock options at an exercise price \$0.25, expiring on July 13, 2026, 750,000 stock options at an exercise price \$0.40, expiring on January 5, 2023, and 240,000 stock options at an exercise price \$0.35, expiring on January 6, 2027. The Company granted stock options to directors, officers and consultants.

During the year ended March 31, 2021, pursuant to the Company’s stock option plan, the Company granted 2,640,000 stock options at an exercise price of \$0.21 per share, expiring on February 9, 2026 and 1,300,000 stock options at an exercise price \$0.35, expiring on February 11, 2026. The Company granted stock options to directors, officers and consultants.

During the years ended March 31, 2020, the Company did not issue or have any issued and outstanding stock options.

#### **Financing Activities**

The Company estimates that it will require additional financing to carry out its exploration plans and operations through the next twelve months. This could involve joint venture, equity financing, or other forms of financing.

#### **Going Concern**

At March 31, 2022, the Company has working capital of \$459,010. Management estimates that these funds will not be sufficient to provide the Company with the financial resources to carry out currently planned exploration and operations through the next twelve months. Therefore, the Company will need to seek additional sources of financing to meet all exploration expenditures for its property commitments as well its ongoing operations. While the Company was successful in obtaining its most recent financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The financial statements do not include any adjustments to the recoverability and classification of recorded assets, or the amounts of, and classification of liabilities that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

### **Plans for Fiscal 2022**

The Board of Directors has and will continue the review of all available strategic alternatives intended to maximize shareholder value.

It has not determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interests.

As at July 27, 2022, the Company had the following common shares issued and outstanding

Authorized: an unlimited number of common shares without par value.	Common shares issued and outstanding	Share purchase warrants	Stock options
Outstanding at July 27, 2022	84,564,215	24,927,492	6,680,000

### **C. Research and development, patents and licenses**

As First Energy is a mineral exploration company with no producing properties, the information required by this item is inapplicable.

### **D. Trend information**

As a mineral resource exploration company, the Company's activities are mainly in response to metal prices and the availability of equity financings. Further, we consider that our ability to raise additional funding in order to complete our exploration programs and the plan of operations for its mineral properties for the current fiscal year and beyond will be impacted by prevailing prices for metals. As a mineral resource exploration company, the interest in First Energy's stock, and our ability to raise financing and conduct work programs, has been cyclical as it is related to metal prices that, traditionally, have been cyclical in nature.

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The Company is a mineral exploration company. At this time, any issues of seasonality or market fluctuations have no material impact other than our ability to raise additional equity capital on terms that are acceptable to the Company. The Company currently defers its mineral property acquisition costs. The Company expenses its exploration and project investigation and general and administration costs and these amounts are included in the net loss for each quarter.

The Company's Management and board of directors are not financial or commodity analysts and therefore cannot and should not forecast metal prices. Management and the directors do monitor the metals industry trends, specifically demand supply data and believe that the metals market may continue to experience positive fundamentals. As such the Company will continue to advance its properties, subject to available funds.

### **E. Off-statement of financial position arrangements**

First Energy does not have any off-balance sheet arrangements.

## F. Tabular disclosure of contractual obligations

The following table summarizes the Company's short-term and long-term obligations as at March 31, 2022:

	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5 <sup>th</sup> and subsequent years <sup>(1)</sup>	Total
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Mineral property option payments are made at the option of the Company, however non-payment of mineral property leases may result in forfeiture of First Energy's rights to a particular property.

## G. Safe Harbour

Certain statements contained in the foregoing Operating Results and elsewhere in this Annual Report on Form 20-F constitutes forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of First Energy to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below. Risk factors that could affect our future results include, but are not limited to, risks inherent in mineral exploration activities and other operating and development risks, no revenue from commercial operations, no assurance that any of our mineral properties possess commercially mineable bodies of ore, financial risk, shareholder dilution from additional equity financings, competition, environmental regulations, changes to reclamation requirements, volatility and sensitivity to market prices for precious and base metals, the impact of changes in foreign currencies' exchange rates, political risk, changes in government regulation and policies including trade laws and policies, demand for precious and base metals, and receipt of permits and approvals from governmental authorities.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

The following table lists the directors and senior management of the Company as at March 31, 2022. The directors have served in their respective capacities since their election and/or appointment and will serve until the next AGM or until a successor is duly elected, unless the office is vacated in accordance with the Articles/By-Laws of the Company.

Name and Position	Other Principal Directorships	Shares Beneficially Owned as at July 27, 2022	Principal Business Activities Outside the Company
Gurminder Sangha <sup>(1)</sup> Director, President and Chief Executive Officer	Targeted Microwave Solutions Inc.	904,801	Businessman and consultant to companies in the junior resource sector
Jurgen Wolf <sup>(2)</sup> Director, Chief Financial Officer and Corporate Secretary	Medgold Resources Corp. Iconic Minerals Ltd. Petrichor Energy Inc. Adastra Holdings Ltd. Altima Resources Inc. Consolidated Odyssey Exploration Inc.	Nil	Consultant to companies in the junior resource sector

	American Biofuels Inc. Odyssey Petroleum Corporation		
Craig Alford <sup>(3)</sup> Director	Barrel Energy Inc. Evergreen- Agra Inc. Verde Science Inc.	Nil	Geologist
Jason Grewal	None	220,000	Lawyer
Jodie Gibson <sup>(5)</sup>	None	Nil	Geologist

Gurminder was appointed to the Company's board of directors on December 22, 2017 and appointed President and Chief Executive

- (1) Officer on March 26, 2018. Mr. Sangha is an independent business advisor to the resources industry and brings over twelve years of management and financing expertise in both public and private companies.

Jurgen Wolf was appointed to the Company's board of directors on February 22, 2018 and appointed Chief Financial Officer and Corporate Secretary of the Company on February 28, 2018. Mr. Wolf has been involved in the oil and gas industry for more than

- (2) 15 years, assisting public companies with investor relations and administration. Mr. Wolf was President and a director of former US Oil and Gas Resources Inc., which amalgamated to form Petrichor Energy Inc. in 2005. Mr. Wolf is a director of several public companies.

Craig Alford was appointed Director of the Company on October 7, 2019. Mr. Alford holds both a Bachelor of Science (Hons) and a Master of Science in Geology. He is a registered Professional Geoscientist (P. Geo) in Ontario and is a Qualified Person, as defined in National Instrument 43-101. During his 30 years of experience worldwide, Mr. Alford has designed, managed and provided technical direction for projects throughout North and South America, China, Central Asia, Russia, Australia and Africa. Mr. Alford's experience has included senior positions for a number of large mining companies including, Zijin Mining Group, China Railway, and Teck Mining Ltd.

- (3)

Jason Grewal was appointed to the Company's board of director on October 23, 2019. Mr. Grewal is a solicitor in England and Wales and admitted as an attorney in the state of New York. He has studied law at the London School of Economics, and holds a law degree from the University of London, an LLM in international business law from the IE Law School in Madrid and an MSc in global finance from Cass Business School in London. He has experience working in Canada, the United States and the United Kingdom, and in Europe. He has advised on various capital market transactions in various jurisdictions, and has experience working with both international law firms and multinational corporations.

- (4)

Jodie Gibson was appointed to the Company's board of director on March 23, 2021. Mr. Gibson is an exploration geologist with over 14 years mineral exploration experience throughout the North American Cordillera from Alaska to Mexico; including syngenetic and epigenetic precious and base metal systems. He was the Project Manager of the Underworld Resources Inc. exploration team that discovered and defined the Golden Saddle and Arc deposits. Prior to joining the Company, Mr. Gibson was serving as Vice President Exploration for White Gold Corp where he oversaw over \$30 million in exploration activities over the previous three years with highlights including expansion of the Golden Saddle and Arc deposits and five new discoveries across the White Gold district: including the high-grade Vertigo discovery on the JP Ross property. Mr. Gibson holds a Bachelor of Science Degree and a Master of Science Degree from Indiana State University and is a member of the Association of Professional Engineers and Geoscientists of British Columbia.

- (5)

Executive officers are appointed by the board of directors to serve until terminated by the board of directors or until their successors are appointed. Certain of the directors serve as directors of other reporting companies and if a conflict of interest arises at a meeting of the board of directors, any director in a conflict will declare his interest and abstain from voting on such matter. All directors have a term of office expiring at the next AGM.

### **Family Relationships**

There are no family relationships among any of the persons named above.

### **Arrangements**

There are no arrangements or understandings regarding the selection of any of the persons named above.

## **B. Compensation**

### **Compensation of Executive Officers**

“Named Executive Officer” (“NEO”) means each of the following individuals:

- (a) A Chief Executive Officer (“CEO”) or one who acted in a capacity similar to a CEO, for any part of the financial year ended March 31, 2022;
- (b) A Chief Financial Officer (“CFO”) or one who acted in a capacity similar to a CFO, for any part of the financial year ended March 31, 2022;
- (c) Each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) Each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, as at the financial year ended March 31, 2022.

The Company had two NEOs during the year. The following disclosure sets out the compensation that the Board intended to pay, make payable, award, grant, give or otherwise provide to each NEO and director for the financial year ended March 31, 2022.

### **Compensation of Directors and NEOs**

The Company’s Corporate Governance and Compensation Committee (“CGCC”) has responsibility for reviewing compensation for the Company’s directors and senior management. The independent directors are encouraged to meet at any time they consider necessary without any members of management including the non-independent directors being present. The Company’s auditors, legal counsel and employees may be invited to attend. The independent directors exercise their responsibilities for independent oversight of management through a strong CGCC.

To determine compensation payable, the CGCC reviews compensation paid for directors and NEOs of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation, the CGCC annually reviews the performance of the NEOs in light of the Company’s objectives and considers other factors that may have impacted the success of the Company in achieving its objectives and financial resources.

The Company’s compensation policies and its stock option plan are intended to assist the Company in attracting, retaining and motivating directors, officers and employees of the Company and of its subsidiaries and to closely align the personal interests of such directors, officers and employees with those of the shareholders by providing them with the opportunity, through stock options, to acquire shares in the capital of the Company.

### **Share-based awards**

The board of directors adopted a Restricted Share Unit Plan (“RSU Plan”) dated for reference December 31, 2021 providing for the issuance of RSUs to directors, officers, employees, and consultants (“Eligible Persons”).

#### *Nature and Administration of the RSU Plan*

All Eligible Persons (as defined in the RSU Plan) of the Company are eligible to participate in the RSU Plan (as "RSU Plan Participants"), though the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board can, from time to time, grant RSUs to Eligible Persons. RSUs will be credited to an account maintained for each RSU Plan Participant on the books of the Company as of the award date. The grant of an RSU Award shall entitle the Participant to the conditional right to receive for each RSU credited to the Participant’s Account, at the election of the Company, either one Common Share or an amount in cash, net of applicable taxes and contributions to government sponsored plans, as determined by

the Board, equal to the Market Price of one Common Share for each RSU credited to the Participant's Account on the Settlement Date, subject to the conditions set out in the RSU Grant Letter and in the Plan, and subject to all other terms of this Plan

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Each award of RSUs vests on the date(s) (each a "Vesting Date") specified by the Board on the award date and reflected in the applicable Award Notice (as defined in the RSU Plan). Additionally, the term of the RSUs shall be determined by the Board on the date of the award of RSUs. Each RSU outstanding and all rights thereunder shall expire at the expiry time determined by the Board, subject to earlier termination in accordance with the RSU Plan.

Rights and obligations under the RSU Plan can be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any corporation acquiring all or substantially all of the assets or business of the Company. The RSUs are non-transferable and non-assignable by the RSU Plan Participant.

Notwithstanding any other provision of the RSU Plan:

- (a) the aggregate number of Shares reserved for issuance pursuant to RSUs granted under the RSU Plan and other Security Based Compensation Arrangements (as defined in the RSU Plan) cannot exceed 10% of the issued and outstanding Shares as at the date of grant (on a non-diluted basis);
- (b) the aggregate number of Shares reserved for issuance pursuant to RSUs granted to any one individual in any 12 month period shall not exceed 1% of the issued and outstanding Shares, unless disinterested shareholder approval is obtained;
- (c) the aggregate number of Shares reserved for issuance pursuant to RSUs granted to Insiders (as defined in the policies of the Exchange) shall not exceed 2% of the issued and outstanding Shares, unless disinterested shareholder approval is obtained; and
- (d) all RSUs granted pursuant to the RSU Plan are subject to the policies of the Exchange.

At March 31, 2022, and at July 27, 2022, the maximum number of common shares which may be issued pursuant to share-based awards under the RSU Plan is equal to 7,823,889 and 8,456,422 of the issued and outstanding common shares at the respective dates. There were Nil share-based awards outstanding at March 31, 2022 and July 27, 2022 respectively.

### **Option-Based Awards**

The board of directors of the Company adopted a stock option plan, as amended (the "Plan"), effective December 8, 2018, which has been most recently approved by the shareholders of the Company on December 4, 2020, at the Company's AGM on that date. The number of shares in respect of which options may be granted under the plan shall not exceed 10% of the issued and outstanding common shares of the Company at the relevant grant date. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant.

In accordance with good corporate governance practices and as recommended by Canadian National Policy 51-201 *Disclosure Standards*, the Company imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the Board. In order to ensure that optionees are not prejudiced by the imposition of such black-out periods, the Plan includes a provision to the effect that any outstanding options with an expiry date that falls during a management imposed black-out period or within five days thereafter will be automatically extended to a date that is ten trading days following the end of the black-out period.

The Plan provides that if a change of control (as defined therein) occurs, or if the Company is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the optionees. The Board may also accelerate the expiry date of outstanding stock options in connection with a take-over bid.

The Plan contains a provision that, if pursuant to the operation of the plan's adjustment provisions, in respect of options granted under the Plan (the "Subject Options"), an optionee receives options to purchase securities of another company (the "New Company"), such new options shall expire on the earlier of: (i) the expiry date of the Subject Options; (ii) if the optionee does not become an eligible

person in respect of the New Company, the date that the Subject Options expire pursuant to the applicable provisions of the Plan relating to expiration of options in cases of death, disability or termination of employment discussed in the preceding paragraph above (the "Termination Provisions"); (iii) if the optionee becomes an eligible person in respect of the New Company, the date that such new options expire pursuant to the terms of the New Company's stock option plan that correspond to the Termination Provisions; and (iv) the date that is one (1) year after the Optionee ceases to be an eligible person in respect of the New Company or such shorter period as determined by the Board.

The Plan allows the board to impose vesting provisions and provides that, unless otherwise specified at the time of grant, all options shall vest and become exercisable in full immediately upon grant of such options. However, as required by the policies of the Exchange, options granted to optionees performing Investor Relations Activities must vest in stages over 12 months with no more than ¼ of such options vesting in any three-month period.

The purpose of the Plan is to allow the Company to grant options to directors, officers, employees and service providers, as an incentive for performance, and as an opportunity to participate in the success of First Energy. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options are exercisable over periods of up to ten years as determined by the board of directors of First Energy and are required to have an exercise price no less than the market price as defined in the Plan prevailing on the day that the option is granted. Pursuant to the Plan, the board of directors may from time to time authorize the issue of options to directors, officers and employees of and consultants to First Energy and its subsidiaries or employees of companies providing management services to First Energy or its subsidiaries.

At March 31, 2022, and at July 27, 2022, the maximum number of common shares which may be issued pursuant to stock options granted under the Plan is equal to 1,143,889 and 1,776,422 of the issued and outstanding common shares at the respective dates. There were 6,440,000 and 6,440,000 stock options outstanding at March 31, 2022 and July 27, 2022 respectively.

The board of directors generally grants options to corporate executives on the recommendation of the CGCC. As part of its annual work plan, the CGCC reviews, among other things, executive compensation and makes appropriate recommendations to the board regarding such compensation, including but not limited to the grant of options. Options may be granted at other times of the year to individuals commencing employment with the Company.

### **Summary Compensation Table**

The compensation paid to the NEOs during the years ended March 31, 2022, 2021 and 2020 is as set out below:

<i>NEO Name and Principal Position</i>	<i>Year <sup>(1)</sup></i>	<i>Salary/ Fees (\$)</i>	<i>Share-Based Awards (\$)</i>	<i>Option-Based Awards <sup>(2)</sup> (\$)</i>	<i>Non-Equity Incentive Plan Compensation (\$)</i>		<i>Pension Value (\$)</i>	<i>All Other Compensation <sup>(3)</sup> (\$)</i>	<i>Total Compensation (\$)</i>
					<i>Annual Incentive Plans</i>	<i>Long-term Incentive Plans</i>			
Gurminder Sangha <sup>(4)</sup> President and CEO	2022	188,021	Nil	Nil	Nil	Nil	Nil	Nil	188,021
	2021	146,500	Nil	161,328	Nil	Nil	Nil	Nil	307,828
	2022	68,500	Nil	Nil	Nil	Nil	Nil	Nil	68,500
Jurgen Wolf <sup>(5)</sup> CFO and Corporate Secretary	2022	2,500	Nil	Nil	Nil	Nil	Nil	Nil	2,500
	2021	1,500	Nil	37,470	Nil	Nil	Nil	Nil	38,970
	2020	1,500	Nil	Nil	Nil	Nil	Nil	Nil	1,500

<sup>(1)</sup>Financial years ended March 31.

<sup>(2)</sup>The "grant date fair value" of options granted during the year is determined by using the Black-Scholes model, please see the table under "Incentive Plan Awards" for the 'in-the-money' value of these options.

<sup>(3)</sup>Includes any health, dental, parking, group plan insurance benefits and professional fees paid by the Company on behalf of the NEO.



- (4) Gurminder was appointed to the Company's board of directors on December 22, 2017 and appointed President and Chief Executive Officer on March 26, 2018.
- (5) Jurgen Wolf was appointed to the Company's board of directors on February 22, 2018 and appointed Chief Financial Officer and Corporate Secretary of the Company on February 28, 2018.

As part of its annual work plan, the CGCC reviews, among other things, executive compensation and makes appropriate recommendations to the board regarding such compensation.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The share-based awards and option-based awards outstanding for the NEOs, as at the financial year ended March 31, 2022, is as set out below:

Name	Option-based Awards				Share-based Awards	
	Number of Securities Underlying Unexercised Options <sup>(1)</sup>	Option Exercise Price (\$)	Expiry Date	Value of Unexercised in-the money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Pay-out Value of Share-based Payments that have not Vested (\$)
Gurminder Sangha	775,000	0.21	February 9, 2026	31,000	Nil	N/A
Jurgen Wolf	180,000	0.21	February 9, 2026	7,200	Nil	N/A

- (1) This amount is calculated based on the difference between the market value of the shares underlying the options at the end of the most recently completed financial year.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

There were no share-based awards and option-based awards that vested or were earned by the NEOs during the during the financial year ended March 31, 2022.

### Discussion

The Company accounts for stock options issued to employees at the fair value determined on the grant date using the Black-Scholes option pricing model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date the goods and services are received.

Warrants issued are recorded at estimated fair values determined on the grant date using the Black-Scholes model. If and when the stock options or warrants are ultimately exercised, the applicable amounts of their fair values in the reserves account are transferred to share capital.

See “Share-Based Awards” for further information on the Restricted Share Unit Plan.

See “Option-Based Awards” and “Securities Authorized for Issuance under Equity Compensation Plans” for further information on the Stock Option Plan.

The Company does not have Incentive Plan Awards, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company’s securities) was paid.

#### Pension Plan Benefits

##### *Defined Benefit Plan or Defined Contribution Plan*

The Company has no pension plans for NEOs that provide for payment or benefits at, following, or in connection with retirement.

##### *Deferred Compensation Plans*

The Company has no deferred compensation plan for NEOs.

#### Termination and Change in Control Benefits

The Company has no contract, agreement plan or arrangement that provides for payment to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a NEO’s responsibilities.

#### Director Compensation

The Company does not have a compensation plan for directors.

##### *Director Compensation Table*

The following table sets out all amounts of compensation provided to the directors who are not NEOs for the Company’s most recently completed financial year:

Name	Year <sup>(1)</sup>	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Craig Alford	2022	Nil	Nil	Nil	Nil	Nil	12,000	12,000
	2021	Nil	Nil	41,633	Nil	Nil	8,500	50,133
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jason Grewal	2022	Nil	Nil	Nil	Nil	Nil	49,500	49,500
	2021	Nil	Nil	31,225	Nil	Nil	Nil	31,225
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Lyle McLennan <sup>(1)</sup>	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	26,021	Nil	Nil	5,000	31,021
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jodie Gibson	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	52,041	Nil	Nil	Nil	52,041
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<sup>(1)</sup> Mr. McLennan resigned as a director on March 23, 2021.

#### Outstanding Share-based Awards and Option-based Awards

The share-based awards and option-based awards outstanding for the NEOs, as at the financial year ended March 31, 2022, is as set out below:

Name	Option-based Awards				Share-based Awards	
	Number of Securities Underlying Unexercised Options <sup>(1)</sup>	Option Exercise Price (\$)	Expiry Date	Value of Unexercised in-the money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Pay-out Value of Share-based Payments that have not Vested (\$)
Craig Alford	200,000	0.21	February 9, 2026	8,000	Nil	N/A
Jason Grewal	150,000	0.21	February 9, 2026	6,000	Nil	N/A
Lyle McLennan <sup>(1)</sup>	125,000	0.21	February 9, 2026	5,000	Nil	N/A
Jodie Gibson	250,000	0.21	February 9, 2026	10,000	Nil	N/A

(1) This amount is calculated based on the difference between the market value of the shares underlying the options at the end of the most recently completed financial year.

*Incentive Plan Awards – Value Vested or Earned During the Year*

There were no share-based awards and option-based awards that vested or were earned by the directors during the during the financial year ended March 31, 2022.

*Securities Authorized for Issuance under Equity Compensation Plans*

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Options-Based Award approved by security holders <sup>(2)</sup>	6,680,000	\$0.29	1,143,889
Share-Based Award approved by security holders <sup>(2)</sup>	Nil	Nil	7,823,889
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	6,680,000	\$0.29	8,967,778

(1) As at March 31, 2022.

Indebtedness of Directors and Executive Officers

None of the directors, executive officers, or associates of any such person, has been indebted to the Company at any time during the most recently completed financial year.

Aggregated Options Exercises during the Most Recently Completed Financial Year

None.

### **C. Board Practices**

The Company has five directors as of July 27, 2022, namely: Gurminder Sangha, Jurgen Wolf, Craig Alford, Jason Grewal and Jodie Gibson. Mr. Sangha, Mr. Wolf, Dr. Alford, Mr. Grewal and Mr. Gibson were appointed on December 22, 2017, February 22, 2018, October 7, 2019, October 23, 2019 and March 23, 2021, respectively. All directors will serve for a term of office expiring at the next AGM of the Company. All officers have a term of office lasting until their removal or replacement by the board of directors.

An “independent” director under the CSE governance guidelines is a director who is independent from management and is free from any interest and any business or other relationship which could materially interfere with his or her ability to act in the best interest of the Company other than interests arising from shareholding. Where a company has a significant shareholder, in addition to a majority of “independent” directors, the Board should include a number of directors who do not have interest or relationships with either the Company or the significant shareholder. The Board currently consists of five directors, three of whom are independent based upon the tests for independence set forth in Canadian National Instrument 52-110. Mr. Sangha is not independent as he is the President and CEO of the Company, Mr. Wolf is not independent as he is the CFO of the Company. The Company is currently seeking to add an additional independent director.

Except as set out below, no director and/or executive officer has been the subject of any order, judgment, or decree of any governmental agency or administrator or of any court of competent jurisdiction, revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he is a director and/or executive officer, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice or employment in connection with the purchase or sale of securities, or convicting such person of any felony, or misdemeanor involving a security or in any aspect of the securities business of theft.

There are no director’s services contracts with the Company providing for benefits upon termination of employment. The Company has no compensatory plan or arrangement in respect of compensation received or that may be received by the directors of the Company in its most recently completed or current financial year to compensate such directors in the event of termination as director (resignation, retirement) or in the event of a change in control. There are no arrangements or understandings with any two or more directors or executive officers pursuant to which he was selected as a director or executive officer. Other than as disclosed in related party transactions, fees payable to directors as disclosed above under "Director Compensation", and salaries for executive officers, there is no compensation paid to outside directors other than stock-based compensation.

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### Audit Committee

As of July 27, 2022, Gurminder Sangha, Jason Grewal and Jodie Gibson are the members of the Company’s audit committee and with Mr. Grewal acting as Chair. Its primary function is to review the financial statements of the Company before they are submitted to the board for approval. The audit committee is also available to assist the board if required with matters relating to the appointment of the Company’s auditor and the overall scope and results of the audit, internal financial controls, and financial information for publication for various purposes.

### Corporate Governance and Executive Compensation Committee

Members of the Corporate Governance and Executive Compensation Committee are Gurminder Sangha, Jason Grewal to developments in the area of corporate governance, the practices of the board, finding appropriate candidates for nomination to the board and for evaluating the performance of the board, and senior executives and making recommendations as to their compensation.

### **D. Employees**

At March 31, 2022, the Company did not have any employees.

### **E. Share Ownership**

See Item 6A. – “Directors and Senior Management”.

See Item 6B. for stock options held by the directors or members of senior management of the Company as at March 31, 2022.

The following table sets forth, as of July 27, 2022, the number of First Energy’s common shares beneficially owned by the directors and members of senior management of First Energy, individually, and as a group, and the percentage of ownership of the outstanding common shares represented by such shares.

The shareholders listed below possess sole voting and investment power with respect to the shares shown.

***Directors and Senior Management Share Ownership as at July 27, 2022***

<b>Name of Shareholder</b>	<b>Number of Shares held, directly and indirectly, at July 27, 2022 <sup>(1)</sup></b>	<b>% of Issued and Outstanding Shares at July 27, 2022<sup>(1)</sup></b>
Gurminder Sangha	904,801	0.01%
Jurgen Wolf	Nil	Nil
Jodie Gibson	Nil	Nil
Craig Alford	Nil	Nil
Jason Grewal	220,000	Nil

(1) Based on 78,238,894 common shares issued and outstanding, and no warrants and stock options were held by officers and directors as at July 27, 2022.

**ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

**A. Major Shareholders**

The Company is a publicly traded corporation, incorporated in the province of British Columbia, the registered shareholders of which include residents of the United States, residents of Canada and other foreign residents. To the extent known by the directors and executive officers of the Company, the Company is not directly or indirectly owned or controlled by another corporation.

To the knowledge of the directors and executive officers of the Company as at July 27, 2022, there are no holders of 5% or more of the common shares of First Energy.

The above information was obtained from SEDI and SEDAR.

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All shareholders, including major and/or controlling shareholders have the same voting rights with respect to the issued common shares.

The Company’s securities are recorded on the books of its transfer agent in registered form; however, the majority of such shares are registered in the name of intermediaries such as brokerage houses and clearing houses on behalf of their respective brokerage clients, and First Energy does not have knowledge of or access to information about the beneficial owners thereof. To the best of its knowledge, First Energy is not directly or indirectly owned or controlled by a corporation or foreign government. As of July 27, 2022, the Company had authorized an unlimited number of common shares without par value of which 84,564,215 were issued and outstanding.

The Company is not aware of any arrangements between shareholders or other persons which may result in a change of control of the Company.

**B. Related Party Transactions**

During the years ended March 31, 2022, 2021, and 2020, the Company:

- a) paid \$188,021 (2021 - \$148,000, 2020 - \$70,000) to non-independent director and officers of the Company;
- b) paid fees to independent directors of \$64,000 (2021 - \$13,500, 2020 - \$1,000);
- c) made share-based payments of \$Nil (2021 - \$292,472, 2020 - \$Nil).

As at March 31, 2022, an amount of \$36,923 for fees and/or expenses owed to directors and officers are included in amounts due to related parties (March 31, 2021 - \$90,365; March 31, 2020 - \$50,716). These amounts were settled in the ordinary course of business.

Other than as disclosed above, there have been no transactions during the 2021 fiscal year which have materially affected or will materially affect First Energy in which any director, executive officer, or beneficial holder of more than 5% of the outstanding common stock, or any of their respective relatives, spouses, associates or affiliates has had or will have any direct or material indirect interest. Management believes the transactions referenced above were on terms at least as favorable to First Energy as First Energy could have obtained from unaffiliated parties.

### **C. Interests of Experts and Counsel**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, and, as such, there is no requirement to provide any information under this sub-item.

## **ITEM 8. FINANCIAL INFORMATION**

### **A. Consolidated Statements and Other Financial Information**

#### **Statements**

The financial statements required as part of this Annual Report are filed under Item 18 of this Annual Report. The financial statements as required are found at Exhibit F-1 to this Annual Report. The audit report of DeVisser Gray LLP, Chartered Professional Accountants, is included immediately preceding the financial statements for the years ended March 31, 2022, 2021, and 2020.

#### **Legal Proceedings**

The Company is not involved in any litigation or legal proceedings and to the Company's knowledge no material legal or arbitration proceedings involving the Company is threatened.

#### **Dividend Policy**

First Energy has not paid any dividends on its outstanding common shares since its incorporation and does not anticipate that it will do so in the foreseeable future. All funds of First Energy are being retained for working capital and exploration of its projects.

### **B. Significant Changes**

There are no significant changes have occurred since the date of First Energy's most recent audited financial statements, March 31, 2022, other than disclosed in this Annual Report on Form 20-F, items represented in Note 5 to the financial statements for the year ended March 31, 2022.

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## **ITEM 9. THE OFFER AND LISTING**

### **A. Offer and Listing Details**

First Energy's common shares trade on the CSE under the trading symbol "FE" and CUSIP # 32016U

## Trading Markets

The tables below list the high and low prices for common shares of the Company for the five most recent full financial. The Company's common shares began trading on the Canadian Securities Exchange as of March 1, 2019 and prior to that date, the common shares were traded on the TSX Venture Exchange.

<b>CSE/TSX-V: FE – Trading in Canadian Dollars</b>		
	High (\$)	Low (\$)
<b>Annual</b>		
March 2022	0.40	0.14
March 2021	0.62	0.06
March 2020	0.295	0.35
March 2019	0.43	0.075
March 2018	0.35	0.15

The following table lists the volume of trading and high, low and maximum closing sales prices for shares of First Energy's common stock for the last eight fiscal quarters and for the most recent six months. The Company's common shares began trading on the Canadian Securities Exchange as of March 1, 2019 and prior to that date, the common shares were traded on the TSX Venture Exchange.

<b>CSE/TSX-V: FE – Trading in Canadian Dollars</b>		
	High (\$)	Low (\$)
<b>Fiscal 2022</b>		
Fourth Quarter	0.39	0.20
Third Quarter	0.385	0.14
Second Quarter	0.325	0.16
First Quarter	0.40	0.215
<b>Fiscal 2021</b>		
Fourth Quarter	0.62	0.135
Third Quarter	0.235	0.135
Second Quarter	0.255	0.15
First Quarter	0.295	0.06
<b>Month ended</b>		
June 30, 2022	0.18	0.11
May 30, 2022	0.21	0.15
April 30, 2022	0.275	0.17
March 31, 2022	0.36	0.22
February 28, 2022	0.34	0.20
January 31, 2022	0.37	0.25

The Company's common stock is issued in registered form.

### B. Plan of Distribution

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, and as such, there is no requirement to provide any information under this item.

### C. Markets

First Energy shares trade on the following stock exchanges and other regulated markets:

Stock Exchange or other regulated market	Company symbol
Canadian Securities Exchange	FE
Frankfurt Stock Exchange	A2JC89
OTC Bulletin Board	FEMFF

**D. Selling Shareholders**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, and as such, there is no requirement to provide any information under this item.

**E. Dilution**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, and as such, there is no requirement to provide any information under this item.

**F. Expenses of the Issue**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, and as such, there is no requirement to provide any information under this item.

**ITEM 10. ADDITIONAL INFORMATION**

**A. Share Capital**

This Form 20-F is being filed as an annual report under the Securities Exchange Act 1934, and as such, there is no requirement to provide any information under this item.

**B. Memorandum and articles of association**

The Company's original corporate constituting documents comprising Articles of Association and Memorandum are registered with the British Columbia Registrar of Companies under Corporation No. 71412. A copy of the Articles of Association and Memorandum then in effect were filed as an exhibit with the Company's initial registration statement on Form 20-F. In 2004 the Company's existing Memorandum was replaced by a Notice of Articles. Subsequent amendments to the Company's Articles have been also filed as exhibits subsequent to the initial registration statement. On June 23, 2011, the Company adopted new Articles of Association.

**Securities Registrar**

Computershare Inc. is the transfer agent and registrar for the shares at its principal office in Vancouver, BC.

**Objects and Purposes**

The Company's Articles of Incorporation do not specify objects or purposes. Under British Columbia law, a British Columbia corporation has all the legal powers of a natural person. British Columbia corporations may not undertake certain limited business activities such as operating as a trust company or railroad without alterations to its form of articles and specific government consent.

**Directors – Powers and Limitations**

The Company's articles do not specify a maximum number of directors (the minimum under British Columbia law for a public company is three). Shareholders at the annual shareholders meeting determine the number of directors annually and all directors are elected at that time. There are no staggered directorships. Under the British Columbia Business Corporations Act, ("BCA") directors are obligated to abstain from voting on matters in which they may be financially interested after fully disclosing such interest. Directors' compensation is not a matter on which they must abstain. Directors must be of the age of majority (18), and meet eligibility criteria including not being mentally infirm, an undischarged bankrupt, no fraud related convictions in the previous five years and a majority of directors must be ordinarily resident in Canada. There is no mandatory retirement age either under the Company's Articles or under the BCA.



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Directors' borrowing powers are not generally restricted where the borrowing is in the Company's best interests. Directors need not own any shares of the Company in order to qualify as directors.

The Articles specify the number of directors shall be the number of directors fixed by shareholders annually, or the number that are actually elected at a general shareholders meeting. Shareholders at the annual shareholders' meeting determine the number of directors annually and all directors are elected at that time. Under the Articles the directors are entitled between successive AGMs to appoint one or more additional directors but not more than one-third of the number of directors fixed at a shareholders meeting or actually elected at the preceding annual shareholders' meeting. Directors automatically retire at the commencement of each annual meeting but may be re-elected thereat.

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, is required under the BCA to disclose the nature and extent of the conflict as required by the Business Corporations Act, and may be counted for the purpose of quorum requirements is required to abstain from voting on any directors' resolution to approve a contract or transaction in which he has a disclosable interest.

The new form of articles adopted by the Company in June 2011 ("Articles") update some of the terminology therein as well as incorporating some of the more flexible provisions of the BCA. The major changes from the existing Articles are: 1. certain changes to the Notice of Articles, Articles and share structure may be able to be made by directors' resolution or ordinary resolution of the Company's shareholders, in each case as determined by the directors. A more detailed description of this changes is provided below; 2. the directors may, by directors' resolution, approve a change of name of the Company without the necessity for shareholder approval; 3. shareholder meetings may be held by electronic means; 4. the quorum for shareholder meetings is changed from two shareholders or proxyholders present to one shareholder present in person or represented by proxy; 5. shareholder meetings may, if authorized by directors' resolution, be held in jurisdictions outside British Columbia; and 6. the Chairman of a directors' meeting does not have a casting vote, in the event of an equality of votes.

The Company is subject to the policies of the Canadian Securities Exchange and compliance with Exchange policy may supersede powers granted to the Board pursuant to the Articles.

### **Descriptions of rights, preferences and restrictions attaching to each class of shares**

#### **Common Shares**

The Company has only one class of shares, common shares without par value of which an unlimited number are authorized and 84,564,215 are outstanding as of July 27, 2022. All common shares rank pari passu for the payment of dividends and distributions in the event of wind-up.

Some of the significant provisions under British Columbia law and the Company's Articles relating to the common shares may be summarized as follows:

#### **Capital increases and Other Changes**

The Company may alter its Notice of Articles, Articles and share structure in the following manner: 1. by directors' resolution or ordinary resolution of the shareholders of the Company, in each case as determined by the directors, (a) create one or more classes or series of shares and, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares and alter the identifying name of any of its shares; (b) establish, increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares; (c) if the Company is authorized to issue shares of a class of shares with par value, decrease the par value of those shares or, if none of the shares of that class of shares are allotted or issued, increase the par value of those shares; (d) change all or any of its unissued shares with par value into shares without par value or vice versa or change all or any of its fully paid issued shares with par value into shares without par value; (e) create, attach, vary or delete special rights or restrictions for the shares of any class or series of shares, if none of those shares have been issued; (f) subdivide or consolidate all or any of its unissued, or fully paid issued, shares; (g) authorize alterations to the Articles that are procedural or administrative in nature or are matters that

pursuant to the Articles are solely within the directors' powers, control or authority; and (h) alter the identifying name of any of its shares.

2. if the BCBCA does not specify the type of resolution and the Articles do not specify another type of resolution, by ordinary resolution of the shareholders otherwise alter its shares or authorized share structure and, if applicable, alter its Notice of Articles and, if applicable, alter its Articles accordingly.

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Certain changes such as amalgamations, re-domiciling may also give rise to rights of dissent and appraised (the right subject to meeting certain conditions, to be paid the “fair value” determined in accordance with the BCA for their shares in cash if the matter is proceeded with).

### **Shares Fully Paid**

The Company's shares must, when issued be fully paid for in cash, property or services. The common shares, when validly issued are non-assessable and not subject to further calls for payment.

### **Redemption**

The Company has no redeemable securities authorized or issued.

### **Pre-emptive Rights**

There are no pre-emptive rights under the Articles of the Company which provide a right to existing shareholders to participate in offerings of the Company's securities.

### **Liquidation**

All common shares of the Company are entitled to participate ratably in, if any, available for distribution assets in the event of a winding up or other liquidation of the Company.

### **No Limitation on Foreign Ownership**

There are no limitations under the Company's Articles or in the BCA on persons who are not citizens of Canada holding or exercising their voting rights as holders of common shares (See also “Exchange Controls”).

### **Dividends**

Dividends may be declared by the Board out of available assets and are paid ratably to holders of common shares. No dividend may be paid if the Company is, or would thereby become, insolvent.

### **Voting Rights**

Each of the Company's share is entitled to one vote on matters on which common shares ordinarily vote including the election of directors, appointment of auditors and approval of corporate changes. There are no cumulative voting rights applicable to the Company.

### **Shareholder Meetings**

Shareholders' meetings are governed by the Articles of the Company but many important shareholder protections are also contained in the Securities Act (British Columbia) and the BCA. The Articles provide that the Company will hold an annual shareholders' meeting, will provide at least 21 days' notice and will provide for certain procedural matters and rules of order with respect to the conduct of the meeting. Under British Columbia securities legislation and policies, the Company is required to conduct advanced searches to facilitate delivery of meeting materials and proxy to beneficial shareholders. The form and content of information circulars and proxies and like matters are governed by the Securities Act (British Columbia) and the BCA. This legislation specifies the disclosure requirements for the proxy materials and various corporate actions, background information on the nominees for election for director, executive compensation paid in the previous year, unusual matters or related party transactions. The Company must hold determination general meeting of

shareholders within 15 months of the previous annual shareholders' meeting. A quorum for a shareholders' meeting is one shareholder present in person or by proxy.

### **Change in Control**

Other than as disclosed under Item 6.B "Termination and Change of Control Benefits", the Company does not have any agreements which are triggered by a take-over or other change of control, except that a takeover or change of control may result in the vesting of stock options previously granted. There are no provisions in its Articles triggered by or affected by a change in outstanding shares which gives rise to a change in control. There are no provisions in the Company's material agreements giving special rights to any person on a change of control.

### **Insider Share Ownership Reporting**

The articles of the Company do not require disclosure of share ownership. Share ownership of director nominees must be reported annually in proxy materials sent to the Company's shareholders. There are no requirements under British Columbia corporate law to report ownership of shares of the Company but the Securities Act (British Columbia) requires disclosure of trading by insiders (generally officers, directors and holders of 10% of voting shares) within 5 days of the trade. Controlling shareholders (generally those in excess of 20% of outstanding shares) must provide 3 days advance notice of share sales.

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### **Securities Act (British Columbia)**

This statute applies to the Company and governs matters typically pertaining to public securities such as continuous disclosure, quarterly financial reporting, immediate disclosure of material changes, insider trade reporting, take-over protections to ensure fair and equal treatment of all shareholders, exemption and resale rules pertaining to non-prospectus securities issuances as well as civil liability for certain misrepresentations, disciplinary, appeal and discretionary ruling matters.

#### **C. Material Contracts**

The Company is not party to any contracts that are material to its operations, business or assets, other than those entered into in the ordinary course of business for the two years preceding the date of this document.

#### **D. Exchange Controls**

First Energy is a corporation incorporated pursuant to the laws of the Province of British Columbia, Canada. Canada has no system of exchange controls. There are no Canadian restrictions on the repatriation of capital or earnings of a Canadian public company to non-resident investors. There are no laws in Canada or exchange restrictions affecting the remittance of dividends, profits, interest, royalties and other payments to non-resident holders of the Issuer's securities, except as discussed in "E. Taxation" below.

There are no limitations under the laws of Canada or in the organizing documents of the Company on the right of foreigners to hold or vote securities of the Company, except that the Investment Canada Act may require review and approval by the Minister of Industry (Canada) of certain acquisitions of "control" of the Company by a "non-Canadian". The threshold for acquisitions of control is generally defined as being one-third or more of the voting shares of the Company. "Non-Canadian" generally means an individual who is not a Canadian citizen, or a corporation, partnership, trust or joint venture that is ultimately controlled by non-Canadians.

#### **E. Taxation**

**All prospective investors are advised to consult their own tax advisors with respect to the specific tax consequences of purchasing the common shares of the Company.**

### **Canadian Federal Income Tax Consequences for United States Residents**

The discussion under this heading summarizes the principal Canadian federal income tax consequences of acquiring, holding and disposing of shares of our common stock for a shareholder of ours who is not a resident of Canada but is a resident of the U.S. and who

will acquire and hold our common shares as capital property for the purposes of the Income Tax Act (Canada) (the “Canadian Tax Act”). This summary does not apply to a shareholder who carries on business in Canada through a “permanent establishment” situated in Canada or performs independent personal services in Canada through a fixed base in Canada if the shareholder’s holding in First Energy Minerals Ltd. is effectively connected with such permanent establishment or fixed base. This summary is based on the provisions of the Canadian Tax Act and the regulations thereunder and on an understanding of the administrative practices of Canada Revenue Agency and takes into account all specific proposals to amend the Canadian Tax Act or regulations made by the Minister of Finance of Canada as of the date hereof. It has been assumed that there will be no other relevant amendment of any governing law although no assurance can be given in this respect. This discussion is general only and is not, nor is it intended to provide a detailed analysis of the income tax implications of any particular shareholder’s interest. Investors are advised to obtain independent advice from a shareholder’s own Canadian and U.S. tax advisors with respect to income tax implications pertinent to their particular circumstances. The provisions of the Canadian Tax Act are subject to income tax treaties to which Canada is a party, including the Canada-United States Income Tax Convention (1980), as amended (the “Convention”).

### **Dividends**

Dividends paid or deemed to be paid to a U.S. Holder by The Company will be subject to Canadian withholding tax. Under the Treaty, the rate of withholding tax on dividends paid to a U.S. Holder is generally limited to 15% of the gross amount of the dividend (or 5% if the U.S. Holder is a corporation and beneficially owns at least 10% of The Company’s voting shares). The Company will be required to withhold the applicable withholding tax from any such dividend and remit it to the Canadian government for the U.S. Holder’s account.

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### **Disposition**

Under the Canadian Tax Act, a taxpayer’s capital gain or capital loss from a disposition of a share of our common stock is the amount, if any, by which his or her proceeds of disposition exceed (or are exceeded by, respectively) the aggregate of his or her adjusted cost base of the share and reasonable expenses of disposition. The capital gain or loss must be computed in Canadian currency using a weighted average adjusted cost base for identical properties. The capital gains net of losses included in income are as follows: for gains net of losses realized after October 17, 2000, as to 50%. There are special transitional rules to apply capital losses against capital gains that arose in different periods. The amount by which a shareholder’s capital loss exceeds the capital gain in a year may be deducted from a capital gain realized by the shareholder in the three previous years or any subsequent year, subject to certain restrictions in the case of a corporate shareholder. Under the Canadian Tax Act, a non-resident of Canada is subject to Canadian tax on taxable capital gains, and may deduct allowable capital losses, realized on a disposition of “taxable Canadian property.” Shares of our common stock will constitute taxable Canadian property of a shareholder at a particular time if the shareholder used the shares in carrying on business in Canada, or if at any time in the five years immediately preceding the disposition 25% or more of the issued shares of any class or series in our capital stock belonged to one or more persons in a group comprising the shareholder and persons with whom the shareholder and persons with whom the shareholder did not deal at arm’s length and in certain other circumstances.

The Convention relieves U.S. residents from liability for Canadian tax on capital gains derived on a disposition of shares unless:

- (a) the value of the shares is derived principally from “real property” in Canada, including the right to explore for or exploit natural resources and rights to amounts computed by reference to production;
- (b) the shareholder was resident in Canada for 120 months during any period of 20 consecutive years preceding, and at any time during the 10 years immediately preceding, the disposition and the shares were owned by him when he or she ceased to be resident in Canada; or
- (c) the shares formed part of the business property of a “permanent establishment” that the holder has or had in Canada within the 12 months preceding the disposition.

### **United States Tax Consequences**

#### **United States Federal Income Tax Consequences**

#### **Certain United States Federal Income Tax Consequences**

The following is a discussion of material U.S. federal income tax consequences generally applicable to a U.S. Holder (as hereinafter defined) of our common shares under current law. This discussion does not address all potentially relevant federal income tax matters and it does not address consequences peculiar to persons subject to special provisions of federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences. (see “Taxation – Canadian Federal Income Tax Consequences” above). Accordingly, holders and prospective holders of our common shares are urged to consult their own tax advisors about the specific federal, state, local, and foreign tax consequences to them of purchasing, owning and disposing of our common shares, based upon their individual circumstances. The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations, published Internal Revenue Service (“IRS”) rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time and which are subject to differing interpretations. This discussion does not consider the potential effects, both adverse and beneficial, of any proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time.

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## **US Holders**

As used in this annual report, a “U.S. Holder” means a holder of our common shares who is a citizen or individual resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or of any political subdivision thereof, an entity created or organized in or under the laws of the United States or of any political subdivision thereof which has elected to be treated as a corporation for U.S. federal income tax purposes (under Treasury Regulation Section 301.7701-3), an estate whose income is taxable in the U.S. irrespective of source or a trust subject to the primary supervision of a court within the U.S. and control of a U.S. fiduciary as described in Section 7701(a)(30) of the Code. This summary does not address the tax consequences to, and U.S. Holder does not include, persons subject to specific provisions of federal income tax law, such as tax-exempt organizations, qualified retirement plans, individual retirement accounts and other tax-deferred accounts, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, persons or entities that have a “functional currency” other than the U.S. dollar, shareholders subject to the alternative minimum tax, shareholders who hold common shares as part of a straddle, hedging or conversion transaction, and shareholders who acquired their common shares through the exercise of employee stock options or otherwise as compensation for services. This summary is limited to U.S. Holders who own common shares as capital assets, within the meaning of Section 1221 of the Code, and who own (directly and indirectly, pursuant to applicable rules of constructive ownership) no more than 5% of the value of our total outstanding stock. This summary does not address the consequences to a person or entity holding an interest in a shareholder or the consequences to a person of the ownership, exercise or disposition of any options, warrants or other rights to acquire common shares. In addition, this summary does not address special rules applicable to U.S. persons (as defined in Section 7701(a) (30) of the Code) holding common shares through a foreign partnership or to foreign persons holding common shares through a domestic partnership.

## **Distributions on Our Common Shares**

In general, U.S. Holders receiving dividend distributions (including constructive dividends) with respect to our common shares are required to include in gross income for U.S. federal income tax purposes the gross amount of such distributions, equal to the U.S. dollar value of such distributions on the date of receipt (based on the exchange rate on such date), to the extent that we have current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder’s federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder’s federal taxable income by those who itemize deductions (See more detailed discussion at “Foreign Tax Credit” below). Dividends received from us by a non-corporate U.S. Holder during taxable years beginning before January 1, 2011, generally, will be taxed at a maximum rate of 15% provided that such U.S. Holder has held to shares for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date and that certain other conditions are met (“qualified dividend income”). For this purpose, dividends will include any distribution paid by us with respect to our common shares but only to the extent such distribution is not in excess of our current and accumulated earnings and profits, as determined under U.S. Federal income tax principles.

To the extent that distributions exceed our current or accumulated earnings and profits, they will be treated first as a return of capital up to the U.S. Holder’s adjusted basis in the common shares and thereafter as gain from the sale or exchange of property. For this purpose, “qualified dividend income” generally includes dividends paid on stock in U.S. corporations as well as dividends paid on stock in certain

non-U.S. corporations if, among other things, (i) the shares of the non-U.S. corporation (including ADRs backed by such shares) are readily tradable on an established securities market in the U.S., or (ii) the non-U.S. corporation is eligible with respect to substantially all of its income for the benefits of a comprehensive income tax treaty with the U.S. which contains an exchange of information program. We currently anticipate that if we were to pay any dividends with respect to our shares, they should constitute “qualified dividend income” for U.S. federal income tax purposes and that U.S. Holders who are individuals should be entitled to the reduced rates of tax, as applicable.

In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Generally, any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. However, an individual whose realized gain does not exceed \$200 will not recognize that gain, provided that there are no expenses associated with the transaction that meet the requirements for deductibility as a trade or business expense (other than travel expenses in connection with a business trip) or as an expense for the production of income.

Dividends paid on our common shares will not generally be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder that is a corporation may, under certain circumstances, be entitled to a 70% deduction of the United States source portion of dividends received from us (unless we qualify as a “foreign personal holding company” or a “passive foreign investment company”, as defined below) if such U.S. Holder owns shares representing at least 10% of our voting power and value, or to a 85% deduction if the U.S. Holder owns shares representing at least 20% of the voting power and value of the Company. The availability of this deduction is subject to several complex limitations that are beyond the scope of this discussion. Under current Treasury Regulations, dividends paid on our common shares, if any, generally will not be subject to information reporting and generally will not be subject to U.S. backup withholding tax. However, for dividends and the proceeds from a sale of our common shares paid in the U.S. through a U.S. or a U.S. related paying agent (including a broker) a U.S. Holder will be subject to U.S. information reporting requirements and may also be subject to the 28% (tax years beginning in 2006 and 2007) U.S. backup withholding tax, unless the paying agent is furnished with a duly completed and signed Form W-9. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a refund or a credit against the U.S. Holder’s U.S. federal income tax liability, provided the required information is furnished to the IRS.

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### **Foreign Tax Credit**

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of our common shares may be entitled, at the option of the U.S. Holder, to either receive a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces U.S. federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer’s income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder’s U.S. income tax liability that the U.S. Holder’s foreign source income bears to his or its worldwide taxable income. In the determination of the application of this limitation, various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific categories of income. For tax years beginning after December 31, 2006, the foreign tax credit is limited separately with respect to passive category income and general category income. Dividends distributed by us will generally constitute “passive income” or, in the case of certain U.S. Holders, “financial services income,” which for tax years beginning after December 31, 2006, is in certain cases treated as general category income. Additionally, the rules regarding U.S. foreign tax credits include limitations that apply to individuals receiving dividends eligible for the 15% maximum tax rate on dividends described above. For tax years beginning after December 31, 2004, U.S. Holders can reduce their alternative minimum tax (“AMT”) liability by an AMT foreign tax credit without the limitation. Under the pre-2006 Act Law, the AMT foreign tax credit was limited to 90% of AMT. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific, and U.S. Holders of our common shares should consult their own tax advisors regarding their individual circumstances.

### **Disposition of Our Common Shares**

In general, U.S. Holders will recognize gain or loss upon the sale of our common shares equal to the difference, if any, between (i) the amount of cash and the fair market value of any property received, and (ii) the shareholder’s tax basis in our common shares. Preferential

tax rates apply to long-term capital gains of U.S. Holders that are individuals, estates or trusts. In general, gain or loss on the sale of our common shares will be long-term capital gain or loss if our common shares are a capital asset in the hands of the U.S. Holder and are held for more than one year. Deductions for net capital losses are subject to significant limitations. For U.S. Holders that are not corporations, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted. For U.S. Holders that are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years preceding the loss year and carried forward five years following the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

### **Other Considerations**

Set forth below are certain material exceptions to the above-described general rules describing the U.S. federal income tax consequences resulting from the holding and disposition of common shares:

### **Foreign Personal Holding Company**

The Foreign Personal Holding Company (“FPHC”) rules have been repealed for tax years of foreign corporations beginning after December 31, 2004, and tax years of U.S. Holders whose tax year ends with or within the FPHC’s tax year. Prior to repeal, if at any time during a taxable year more than 50% of the total combined voting power or the total value of our outstanding shares was owned, directly or indirectly (pursuant to applicable rules of constructive ownership), by five or fewer individuals who were citizens or residents of the U.S. and 60% or more of our gross income for such year was derived from certain passive sources (e.g., from certain interest and dividends), we may have been a FPHC. In that event, U.S. Holders that hold common shares would have been required to include in gross income as a dividend for such year their allocable portions of such passive income to the extent we did not actually distribute such income. Each U.S. Holder should consult his own tax advisor about this change of law.

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### **Foreign Investment Company**

The rule relating to foreign investment companies have been repealed for tax years of foreign corporations beginning after December 31, 2004, and tax years of U.S. Holders whose tax year end with or within the corporation’s tax year. Prior to repeal, if 50% or more of the combined voting power or total value of our outstanding shares was held, directly or indirectly, by citizens or residents of the U.S., U.S. domestic partnerships or corporations, or estates or trusts other than foreign estates or trusts (as defined by Code Section 7701(a)(31)), and we were found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interests therein, it is possible that we were a “foreign investment company” as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging common shares to be treated as ordinary income rather than capital gain. Each U.S. Holder should consult his own tax advisor about this change of law.

### **Passive Foreign Investment Company**

As a foreign corporation with U.S. Holders, the Company could potentially be treated as a passive foreign investment company (“PFIC”), as defined in Section 1296 of the Code, depending upon the percentage of the Company’s assets that are held for the purpose of producing passive income.

Certain United States income tax legislation contains rules governing PFICs, which can have significant tax effects on U.S. Shareholders of foreign corporations. These rules do not apply to non-U.S. shareholders. Section 1296 of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (i) 75% or more of its gross income is “passive income”, which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by fair market value or, if the Company is a controlled foreign corporation or makes an election, by adjusted tax basis, of its assets that produce or are held for the production of “passive income”, is 50% or more.

A U.S. shareholder who holds stock in a foreign corporation during any year in which such corporation qualifies as a PFIC is subject to U.S. Federal income taxation under one of two alternative tax regimes at the election of each such U.S. shareholder. The following is a discussion of such two alternative tax regimes applied to such U.S. shareholders of the Company.

A U.S. shareholder who elects in a timely manner to treat the Company as a Qualified Electing Fund (“QEF”), as defined in the Code (an “Electing U.S. Shareholder”), will be subject, under Section 1293 of the Code, to current federal income tax for any taxable year in which the Company qualifies as a PFIC on his pro-rata share of the Company’s (i) “net capital gain” (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain to the Electing U.S. Shareholder and (ii) “ordinary earnings” (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income to the Electing U.S. Shareholder, in each case, for the shareholder’s taxable year in which (or with which) the Company’s taxable year ends, regardless of whether such amounts are actually distributed.

The effective QEF election also allows the Electing U.S. Shareholder to (i) generally treat any gain realized on the disposition of his Common Shares (or deemed to be realized on the pledge of his Common Shares) as capital, (ii) treat his share of the Company’s net capital gain, if any, as long-term capital gain instead of ordinary income, and (iii) either avoid interest charges resulting from PFIC status altogether, or make an annual election, subject to certain limitations, to defer payment of current taxes on his share of the Company’s annual realized net capital gain and ordinary earnings subject, however, to an interest charge on the deferred taxes. If the Electing U.S. Shareholder is not a corporation, such an interest charge would be treated generally as “personal interest” that can be deducted only when it is paid or accrued and is only 10% deductible in taxable years beginning in 1990 and not deductible at all in taxable years beginning after 1990.

The procedures a U.S. Shareholder must comply with in making an effective QEF election will depend on whether the year of the election is the first year in the U.S. Shareholder’s holding period in which the Company is a PFIC. If the U.S. Shareholder makes a QEF election in such first year, i.e. a timely QEF election, then the U.S. Shareholder may make the QEF election by simply filing the appropriate documentation at the time the U.S. Shareholder files its tax return for such first year. If, however, the Company qualified as a PFIC in a prior year during such shareholder’s holding period, then in addition to filing documents, the U.S. Shareholder must elect to recognize (i) (under the rules of Section 1291 discussed below), any gain that he would otherwise recognize if the U.S. Shareholder sold his stock on the application date or (ii) if the Company is a controlled foreign corporation, and such shareholder so elects, his/her allocable portion of the Company’s post-1986 earnings and profits.

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When a timely QEF election is made, if the Company no longer qualifies as a PFIC in a subsequent year, normal code rules will apply. It is unclear whether a new QEF election is necessary if the Company thereafter re-qualifies as a PFIC. U.S. Shareholders should seriously consider making a new QEF election under those circumstances.

If a U.S. Shareholder does not make a timely QEF election in the year in which it holds (or is deemed to have held) the shares in question and the Company is a PFIC (a “Non-resident U.S. shareholder”), then special taxation rules under Section 1291 of the Code will apply to (i) gains realized on disposition (or deemed to be realized by reason of a pledge) of his/her common shares and (ii) certain “excess contributions”, as specially defined, by the Company.

Non-electing U.S. shareholders generally would be required to pro-rata all gains realized on the disposition of his/her common shares and all excess distributions over the entire holding period for the common shares. All gains or excess distributions allocated to prior years of the U.S. shareholder (other than years prior to the first taxable year of the Company during such U.S. Shareholder’s holding period and beginning after January 1, 1987 for which it was a PFIC) would be taxed at the highest tax rate for each such prior year applicable to ordinary income. The Non-electing U.S. Shareholder also would be liable for interest on the foregoing tax liability for each such prior year calculated as if such tax liability had been due with respect to each such prior year. A Non-electing U.S. Shareholder that is not a corporation must treat this interest charge as “personal interest” which, as discussed above, is partially or wholly non-deductible. The balance of the gain or the excess distribution will be treated as ordinary income in the year of the disposition or distribution, and no interest charge will be incurred with respect to such balance.

If the Company is a PFIC for any taxable year during which a Non-electing U.S. Shareholder holds common shares, then the Company will continue to be treated as a PFIC with respect to such common shares, even if it is no longer, by definition, a PFIC. A Non-electing U.S. Shareholder may terminate this deemed PFIC status by electing to recognize a gain (which will be taxed under the rules discussed above for Non-electing U.S. Shareholders) as if such common shares had been sold on the last day of the last taxable year for which it was a PFIC.



Under Section 1291(f) of the Code, the Department of the Treasury has issued proposed regulations that would treat as taxable certain transfers of PFIC stock by Non-electing U.S. Shareholders that are generally not otherwise taxed, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death.

Certain special, generally adverse, rules will apply with respect to the common shares while the Company is a PFIC whether or not it is treated as a QEF. For example, under Section 1297(b)(6) of the Code, a U.S. shareholder who uses PFIC stock as security for a loan (including a margin loan) will, except as may be provided in regulations, be treated as having made a taxable disposition of such stock.

The foregoing discussion is based on existing provisions of the Code, existing and proposed regulations thereunder, and current administrative ruling and court decisions, all of which are subject to change. Any such change could affect the validity of this discussion. In addition, the implementation of certain aspects of the PFIC rules requires the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance any of these proposed regulations will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion. Accordingly, and due to the complexity of the PFIC rules, U.S. persons who are shareholders of the Company are strongly urged to consult their own tax advisors concerning the impact of these rules on their investment in the Company.

### **Controlled Foreign Corporation**

If more than 50% of the total combined voting power of all classes of shares entitled to vote or the total value of our common shares is owned, actually or constructively, by citizens or residents of the United States, U.S. domestic partnerships or corporation, or estates or trusts other than foreign estates or trusts (as defined by Code Section 7701(a)(31)), each of which owns, actually or constructively, 10% or more of our total combined voting power of all classes of shares entitled to vote (“U.S. Shareholder”), we would be treated as a controlled foreign corporation (“CFC”) under Subpart F of the Code. This classification could affect many complex results, one of which is the inclusion by the U.S. shareholders of certain income of a CFC, which is subject to current U.S. tax. The United States generally taxes U.S. Shareholders of a CFC currently on their pro rata shares of the Subpart F income of the CFC. Such U.S. Shareholders are generally treated as having received a current distribution out of the CFC’s Subpart F income and are also subject to current U.S. tax on their pro rata shares of increases in the CFC’s earnings invested in U.S. property. The foreign tax credit described above may reduce the U.S. tax on these amounts. In addition, under Section 1248 of the Code, gain from the sale or exchange of shares of the CFC by a U.S. Holder which is or was a U.S. Shareholder at any time during the five-year period ending on the date of the sale or exchange is treated as ordinary income to the extent of earnings and profits of the CFC attributable to the shares sold or exchanged. If a foreign corporation is both a PFIC and a CFC, the foreign corporation generally will not be treated as a PFIC with respect to U.S. Shareholders of the CFC. This rule generally is effective for taxable years of U.S. Shareholders beginning after 1997 and for taxable years of foreign corporations ending with or within such taxable years of U.S. Shareholders. Special rules apply to U.S. Shareholders who are subject to the special taxation rules under Section 1291 discussed above with respect to a PFIC. Because of the complexity of Subpart F, a more detailed review of these rules is outside of the scope of this discussion. We do not believe that we currently qualify as a CFC. However, there can be no assurance that we will not be considered a CFC for the current or any future taxable year.

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### **F. Dividends and Paying Agents**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, and as such, there is no requirement to provide any information under this item.

### **G. Statement by Experts**

This Form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, and as such, there is no requirement to provide any information under this item.

### **H. Documents on Display**

Exhibits attached to this Form 20-F are available for viewing at the head office of the Company, Suite 1206 – 588 Broughton Street, Vancouver, British Columbia V6G 3E3 during normal business hours. Copies of First Energy’s financial statements and other disclosure documents required under the British Columbia *Securities Act* are available for viewing at [www.sedar.com](http://www.sedar.com).

## **I. Subsidiary Information**

This information is not required for reports filed in the United States.

### **ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

First Energy is a “small business issuer”, and as such, does not need to provide the information required by Item 11.

### **ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.

## **PART II**

### **ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

### **ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

Not applicable.

### **ITEM 15. CONTROLS AND PROCEDURES**

#### **Disclosure Controls and Procedures**

At the end of the period covered by this Form 20-F Annual Report for the fiscal year ended March 31, 2020, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by the Company in reports that it files or submits to the SEC under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

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#### **Management's Report on Internal Control over Financial Reporting**

The management of First Energy is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detections of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2022. In making this assessment, they used the criteria set forth in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management concluded that, as of March 31, 2021, the Company's internal control over financial reporting was and is effective, based on those criteria.

The SEC has defined a material weakness as a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis

#### **Attestation Report of registered public accounting firm**

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

#### **Changes in internal controls over financial reporting**

No changes in the Company's internal control over financial reporting occurred during the year ended March 31, 2020, that materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **ITEM 16. [RESERVED]**

#### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

The Board has determined that Jason Grewal, a member of its audit committee, qualifies as an "audit committee financial expert" as defined in Item 16.A. of Form 20-F.

#### **ITEM 16B. CODE OF ETHICS**

The Company has adopted a code of ethics that applies to the Company's CEO, the CFO and other members of senior management. The Company's Code of Ethics is filed as an exhibit to this Form 20-F. There have been no amendments to the code of ethics and no waivers during the year ended March 31, 2022 and to the date of filing of this Form 20-F.

#### **ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table discloses the aggregate fees billed for each of the last two fiscal years for professional services rendered by the Company's audit firm for various services.

<b>Services:</b>	<b>Years ended March 31,</b>	
	<b>2022 <sup>(1)</sup></b>	<b>2021</b>
Audit fees	\$ 18,500	\$ 15,000
Tax fees	900	900
Total fees	\$ 19,400	\$15,900

(1) Estimated audit fees for the year ended March 31, 2022

From time to time, management of the Company recommends to and requests approval from the audit committee for non-audit services to be provided by the Company's auditors. The audit committee routinely considers such requests at committee meetings, and if acceptable to a majority of the audit committee members, pre-approves such non-audit services by a resolution authorizing management to engage the Company's auditors for such non-audit services, with set maximum dollar amounts for each itemized service. During such deliberations, the audit committee assesses, among other factors, whether the services requested would be considered "prohibited services" as contemplated by the United States Securities and Exchange Commission and whether the services requested and the fees

related to such services could impair the independence of the auditors. All of the non-audit related services provided by the Company's audit firm were pre-approved by the audit committee.

During the year ended March 31, 2022, all of the services described above under "Principal Accountant Fees and Services" under the captions "Audit-Related Fees", "Tax Fees", and "All Other Fees" were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

#### **ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

#### **ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED**

##### **PURCHASERS**

There were no purchases of equity securities by the issuer and affiliated purchasers.

#### **ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

Not applicable.

#### **ITEM 16G. CORPORATE GOVERNANCE**

Not applicable.

#### **ITEM 16H MINE SAFETY DISCLOSURE**

Not applicable

### **PART III**

#### **ITEM 17. FINANCIAL STATEMENTS**

First Energy is furnishing financial statements under Item 18.

#### **ITEM 18 FINANCIAL STATEMENTS**

The Company's financial statements are stated in Canadian dollars and are prepared in accordance with IFRS as issued by the IASB.

The financial statements and notes thereto as required under Item 18 are attached as Exhibit F-1 to this Annual Report and are incorporated by reference herein. The auditor's report of DeVisser Gray LLP, Chartered Professional Accountants, is included therein immediately preceding the financial statements and is also incorporated by reference herein.

This annual report on Form 20-F includes the following financial statements of First Energy:

- Auditors' Report on the Statements of Financial Position as at March 31, 2022 and 2021 and the Statements of Operations and
- a) Comprehensive Loss, Statement of Changes in Shareholder's Equity, and Statements of Cash Flows for years ended March 31, 2022, 2021, and 2020;
  - b) Statements of Financial Position as at March 31, 2022 and 2021;
  - c) Statements of Loss and Comprehensive Loss for the years ended March 31, 2022, 2021 and 2020;
  - d) Statement of Changes in Shareholder's Equity for the years ended March 31, 2022, 2021 and 2020;
  - e) Statements of Cash Flows for years ended March 31, 2022, 2021 and 2020; and
  - f) Notes to Financial Statements for the years ended March 31, 2022, March 31, 2021, and March 31, 2020.

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## ITEM 19. EXHIBITS

The following exhibits are filed with this Annual Report on Form 20-F in respect of the current year:

Exhibit Number	Description
<a href="#">F-1</a>	<a href="#">Financial Statements for the Years Ended March 31, 2022, 2021 and 2020, and Auditors' Report from DeVisser Gray LLP, Chartered Professional Accountants for the years ended March 31, 2022, 2021 and 2020.</a>
1.1*	Certified Copies of Transition Application and Notice of Articles and Notice of Articles - post transition
<a href="#">4.1</a>	<a href="#">2020 Stock Option Plan (10% Rolling), as approved by shareholders on March 22, 2022</a>
<a href="#">4.7</a>	<a href="#">2021 Restricted Share Unit Plan as approved by shareholders on March 22, 2022</a>
6.1	Calculation of earnings per share – N/A
7.1	Explanation of calculation of ratios – N/A
11.1*	Code of ethics
<a href="#">12.1</a>	<a href="#">Certification pursuant to Rule 13a-14(A)/15d-14(a) of Chief Executive Officer</a>
<a href="#">12.2</a>	<a href="#">Certification pursuant to Rule 13a-14(A)/15d-14(a) of Chief Financial Officer</a>
<a href="#">13.1</a>	<a href="#">Certification pursuant to 18 U.S.C. Section 1350 of Chief Executive Officer</a>
<a href="#">13.2</a>	<a href="#">Certification pursuant to 18 U.S.C. Section 1350 of Chief Financial Officer</a>

\*These exhibits were previously included as exhibits to, and are incorporated herein by reference to, the Company's Annual Report filed.

### END OF EXHIBITS

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### Glossary of Geologic and Mining Terms

**Adit** - A horizontal passage from the surface into a mine, commonly called a tunnel.

**Ag** - Chemical symbol for the metallic element silver.

**Au** - Chemical symbol for the metallic element gold.

**Alteration** - Any change in the mineralogic composition of a rock that is brought about by physical or chemical means.

**Banka drilling** – A drilling method used in inhospitable and isolated areas in the world, primarily using human manpower. Developed by Conrad Banka, the drills are indispensable to prospect or explore alluvial deposits; mine tailings; clay, bauxite and lateritic iron ore; water bearing layers; deep geochemistry in water saturated soils and for geotechnical soil testing.

**Bed** - The smallest division of a stratified rock series, marked by a well-defined divisional plane from its neighbours above and below; an ore deposit, parallel to the stratification, constituting a regular member of the series of formations.

**Bedding** - Condition where planes divide sedimentary rocks of the same or different lithology.

**Bedrock** - Solid rock exposed at the surface of the earth or overlain by surficial deposits.

**Biotite** - A generally dark colored iron, magnesium and potassium rich mica.

**Caldera** - A large basin-shaped volcanic depression, more or less circular, the diameter of which is many times greater than that of the included vent or vents, irrespective of the steepness of the walls of the form of the floor.

**Contact** – The place or surface where two different kinds of rocks come together.

**Cretaceous** - A period of geological time extending from 135 million to 65 million years ago.

**Crown grant** - A mineral claim located on the ground, defined by two claim posts, the location of which is governed by a mineral title act enacted at an earlier date than the current act.

**Diamond drill hole** - A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.

**Deposit** – A natural occurrence of a useful mineral or ore in sufficient extent and degree of concentrating to invite exploitation.

**Dip** - The angle at which a stratum or drill hole is inclined from the horizontal.

**Displacement** - Relative movement of rock on opposite side of a fault; also known as dislocation.

**Disseminated** – Fine particles of mineral dispersed through the enclosing rock.

**EM** - Electromagnetic.

**Fault** - A fracture in a rock along which there has been relative movement either vertically or horizontally.

**Feldspar** - A group of common aluminosilicate minerals.

**Feldspar porphyry** - A rock consisting of feldspar crystals embedded in a compact dark red or purple groundmass.

**Feasibility study** - Engineering study to determine if a mineral property can be developed at a profit, and the methods to develop it.

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**Footwall** - The mass of rock that lies beneath a fault, an ore body, or a mine working; the top of the rock stratum underlying a vein or bed of ore.

**g/t** - Grams per tonne.

**Galena** - Lead sulphide, PbS, the principal ore of lead.

**Geochemical survey** - A measure of the abundance of different elements in rock, soil, water, etc.

**Geochemistry** - Study of chemical elements in rocks or soil.

**Geological mapping** – Surveys defining the surface distribution of rock varieties, age relationships and structural features.

**Grab sampling** - A random sample of mineralized rock with no statistical validity, taken simply to check the type of mineralization.

**Grade** - The quality of an ore; in effect, the metal content.

**Granite** – An intrusive rock consisting essentially of feldspar and quartz.

**Grid** - A network of evenly spaced horizontal and vertical bars or lines, used generally to locate points in the field when placed over a map or chart.

**Hanging wall** - The rock mass above a fault plane, vein, lode, ore body, or other structure, the underside of the country rock overlying a vein or bed of ore.

**Hectare** - A square of 100 metres on each side.

**Induced polarization survey** – A survey to determine the conductivity and chargeability of rock units located along grid lines.

**Intrusive** - Said of an igneous rock, which invades older rocks.

**Li<sub>2</sub>O** – An inorganic chemical compound called Lithium Oxide.

**Lime** - A white substance, calcium oxide (CaO), obtained by the action of heat on limestone, shells and other materials containing calcium carbonate.

**Limestone** - Rock consisting mainly of calcium carbonate, often composed of the organic remains of sea animals (mollusks, coral, etc.).

**Lode** - See vein.

**Meta-intrusive** - An intrusive rock that has been metamorphosed.

**Metamorphosed/Metamorphic** - A rock that has been altered by physical and chemical processes including heat, pressure and fluids.

**Meta-sediment** - A sedimentary rock that has been metamorphosed.

**Mineralization** - The concentration of metals and their chemical compounds within a body of rock.

**Mining lease** – A claim or number of claims to which the right to mine is assigned.

**Modified grid mineral claim** – A claim with north-south and east-west borders, located by using claim posts at each corner and at 500 metre intervals along each side. Each 500-metre x 500-metre interval is referred to as one unit and modified grid claims can total no more than 20 units in size.

**Net smelter royalty** - A royalty based on the actual metal sale price received less the cost of refining at an off-site refinery.

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**Ore** - Rock containing mineral(s) or metals, which can be economically extracted.

**Orebody** - A solid and fairly continuous mass of ore.

**Outcrop** - An exposure of bedrock at the surface.

**Pb** - Chemical symbol for the metallic element lead.

**Pod** - An orebody of elongate, lenticular shape; also known as podiform orebody.

**PPB** - Part Per Billion.

**PPM** - Part Per Million.

**Pyrite** - Iron sulphide (FeS<sub>2</sub>).

**Quartz** - A mineral composed of silicon dioxide.

**Reconnaissance** - A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey.

**Replacement mineralization** – Mineral deposit formed by replacement of previous rock.

**Rhyolite** - A siliceous volcanic rock with a high potassium in feldspar component.

**Rock chip sample** – A rock sample consisting of continuous chips collected over a specified width.

**Rotary drilling** – A drilling method where a hard-toothed bit rotates at the bottom of a drill pipe, grinding a hole into the rock. Lubrication is provided by continuously circulating drilling fluid, which brings the rock cuttings to the surface.

**Sediment** - Solid material that has settled down from a state of suspension in a liquid. More generally, solid fragmental material transported and deposited by wind, water or ice, chemically participated from solution, or secreted by organisms, and that forms in layers in loose unconsolidated form.

**Sedimentary rock** – Rock formed by lithification of sediments.

**Shaft** – A vertical excavation.

**Shear** - To move as to create a planar zone of deformed rock.

**Showing** - A rock outcrop revealing the presence of a certain mineral.

**Siliceous** - Said of a rock rich in silica.

**Silt sample** – A sample of fine sediment collected from a stream bed.

**Soil sampling** - Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.

**Sphalerite** - A zinc sulphide, ZnS, which may contain some iron and cadmium; the principal ore of zinc and cadmium.

**Strike** – The horizontal plane representing the direction of a structure or bed.

**Sulphide** - A group of minerals in which one or more metals are found in combination with sulphur.

**Tonne** - Metric unit of weight equivalent to volume multiplied by specific gravity, equivalent to 1.102 tons.

**Trenching** - The act of blasting or digging through overburden/outcrop to attend fresh bedrock for mapping and sampling.

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**Vein** - A tabular or sheet-like body of minerals, which has been intruded into a joint fissure, or system of fissures, in rocks.

**VLF** - Very Low Frequency.

**VLF EM survey** – A survey to determine ground variations in the electromagnetic field along grid lines.

**Workings** - A part of a mine, quarry, etc., where work is or has been done.

**Zn** - Chemical symbol for the metallic element zinc.



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## SIGNATURES

First Energy Metals Limited certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

**FIRST ENERGY METALS LIMITED**

Per:

*/s/ Gurminder Sangha*

Gurminder Sangha, President

DATED: August 1, 2022

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# FIRST ENERGY METALS LIMITED

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2022, 2021 AND 2020

(Expressed in Canadian dollars)

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**DeVISSERGRAY** LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St  
Vancouver BC V6C 1L6  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of First Energy Metals Limited,

### Opinion on the Financial Statements

We have audited the accompanying financial statements of First Energy Metals Limited (the “Company”), which comprise the statements of financial position as at March 31, 2022 and 2021 and the statements of loss and comprehensive loss, changes in equity and cash flows for each of the years in the three year period ended March 31, 2022, and a summary of significant accounting policies and other explanatory information (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2021 and its financial performance and its cash flows for each of the years in the three year period ended March 31, 2022, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement, whether due to fraud or error. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### ***Exploration and Evaluation Assets – Assessment of Whether Indicators of Impairment Exist***

As described in Note 5 to the financial statements, the Company holds the rights to several exploration stage exploration and evaluation assets, which are the Company's primary non-current assets. Note 2(d) to the financial statements explains that the Company capitalizes acquisition costs incurred in acquiring these exploration and evaluation assets. At the end of each reporting period, as discussed in Note 3(c), the carrying amounts of the Company's exploration and evaluation assets are reviewed under *IFRS 6 – Exploration and Evaluation of Mineral Resources* to determine whether there is any indication that these assets are impaired.

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Management considered the following factors to determine whether or not an indicator of impairment exists: (i) whether the period for which the Company has the right to explore its projects has expired or will expire in the near future; (ii) further exploration on its project(s) is neither budgeted nor planned; (iii) whether exploration activities to date have led to the discovery of commercially viable quantities of mineral resources; and (iv) whether there is sufficient data that indicates the carrying amount of the Company's exploration and evaluation assets are unlikely to be recovered in full from successful development and/or sale. Of the factors that must be considered, the judgments associated with the Company's ability and options to develop its projects and the impact of the Company's market capitalization relative to the carrying value of its net assets are the most subjective. Auditing these judgments required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort.

The principal considerations for our determination that the assessment of potential impairment is a critical audit matter are:

(i) materiality of the aggregate amounts involved in respect to quantum; (ii) the degree of judgment required by management when assessing the recoverability of deferred acquisition costs; and (iii) the required extent of auditor judgment, subjectivity, and effort in performing procedures to evaluate management's assessment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures also included, among others, (i) obtaining and evaluating management's assessment for determining whether an indicator of impairment exists; (ii) testing the completeness and accuracy of underlying data used in management's assessment and evaluating the reasonableness of the significant estimates and assumptions used by management; and (iii) considering whether the financial statements fairly disclosed the inherent uncertainties applicable to the recoverability of deferred exploration and evaluation asset costs.

*De Visser Gray LLP*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, Canada

July 27, 2022

We have served as the Company's auditor since 2017.

**FIRST ENERGY METALS LIMITED****Statements of Financial Position**

(Expressed in Canadian dollars)

	<i>Note</i>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	10	\$ 111,486	\$ 2,158,688
Amounts receivable and prepaid expenses	4	776,453	123,882
<b>Total Current Assets</b>		<b>887,939</b>	<b>2,282,570</b>
<b>Non-current Assets</b>			
Reclamation deposits		11,000	11,000
Exploration and evaluation assets	5	6,004,875	886,125
<b>Total Non-current Assets</b>		<b>6,015,875</b>	<b>897,125</b>
<b>Total Assets</b>		<b>\$ 6,903,814</b>	<b>\$ 3,179,695</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 262,798	\$ 383,962
Due to related parties	7	36,923	90,365
Flow-through share premium liability	8, 12	129,208	230,000
<b>Total Liabilities</b>		<b>428,929</b>	<b>704,327</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	45,943,854	38,712,936
Warrants reserve		2,471,579	1,586,508
Share subscriptions		19,134	76,734
Share-based payments reserve	8	1,833,998	1,201,548
Deficit		(43,793,680)	(39,102,358)
<b>Total Shareholders' Equity</b>		<b>6,474,885</b>	<b>2,475,368</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 6,903,814</b>	<b>\$ 3,179,695</b>
<b>Nature of operations</b>	<i>1</i>		
<b>Subsequent events</b>	<i>13</i>		

Approved and authorized for issue on behalf of the board of directors on July 27, 2022 by:

/s/ Gurminder Sangha

Director

/s/ Jurgen Wolf

Director

*The accompanying notes are an integral part of these financial statements.*

# FIRST ENERGY METALS LIMITED

## Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

		For the years ended March 31,		
	Note	2022	2021	2020
<b>Expenses</b>				
Consultants and directors fees	7	\$ 127,833	\$ 353,751	\$ 273,500
Exploration and evaluation costs	5, 7	1,609,121	246,101	3,028
General and administrative		16,476	12,245	12,205
Investor relations		988,025	198,012	-
Professional fees		87,168	60,370	40,251
Salaries, fees and benefits	7	188,021	146,500	70,000
Shareholder communications		763,095	289,024	21,799
Share-based payments	7	632,450	990,321	-
<b>Loss Before Other Items</b>		<b>(4,412,189)</b>	<b>(2,296,324)</b>	<b>(420,783)</b>
<b>Other Items</b>				
Interest income		156	38	154
Flow-through recovery	12	200,961	-	-
Write-down of exploration and evaluation assets	5	(480,250)	(163,375)	(27,000)
<b>Total Other Income</b>		<b>(279,133)</b>	<b>(163,337)</b>	<b>(26,846)</b>
<b>Net Loss and Comprehensive Loss for the Year</b>		<b>\$ (4,691,322)</b>	<b>\$ (2,459,661)</b>	<b>\$ (447,629)</b>
<b>Loss per Common Share, Basic and Diluted</b>		<b>\$ (0.07)</b>	<b>\$ (0.07)</b>	<b>\$ (0.03)</b>
<b>Weighted Average Number of Shares Outstanding – Basic and Diluted</b>		<b>63,040,671</b>	<b>35,065,269</b>	<b>17,631,003</b>

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

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# FIRST ENERGY METALS LIMITED

## Statements of Changes in Equity

(Expressed in Canadian dollars)

	Note	Common Shares Without Par Value		Warrants Reserve	Share Subscription (Receivable)	Share- based Payments Reserve	Share- based Deficit	Total Equity (Deficiency)
		Shares	Amount					
<b>Balance, March 31, 2019</b>		17,631,003	\$ 35,713,325	\$ 446,899	\$ 24,950	\$ 211,227	\$(36,195,068)	\$ 201,333
Warrants exercised	8	750,000	132,532	(42,532)	(90,000)	-	-	-
Shares issued for exploration and evaluation assets	8	1,250,000	75,000	-	-	-	-	75,000
Private placements	8	10,000,000	500,000	-	(175,000)	-	-	325,000
Fair value of warrants from private placement	8	-	(162,298)	162,298	-	-	-	-
Share issue costs	8	-	(7,405)	-	-	-	-	(7,405)
Net loss for the year		-	-	-	-	-	(447,629)	(447,629)
<b>Balance, March 31, 2020</b>		<b>29,631,003</b>	<b>\$ 36,251,154</b>	<b>\$ 566,665</b>	<b>\$ (240,050)</b>	<b>\$ 211,227</b>	<b>\$(36,642,697)</b>	<b>\$ 146,299</b>

Warrants exercised	8	6,466,667	1,308,317	(228,317)	35,200	-	-	1,115,200
Shares issued for exploration and evaluation assets	8	3,825,000	679,500	-	-	-	-	679,500
Private placements	8	9,600,000	1,920,000	-	240,050	-	-	2,160,050
Fair value of warrants from private placement	8	-	(1,184,815)	1,184,815	-	-	-	-
Share issue costs	8	-	(261,220)	63,345	41,534	-	-	(156,341)
Share-based payments	8	-	-	-	-	990,321	-	990,321
Net loss for the year		-	-	-	-	-	(2,459,661)	(2,459,661)
<b>Balance, March 31, 2021</b>		49,522,670	\$ 38,712,936	\$ 1,586,508	\$ 76,734	\$ 1,201,548	\$(39,102,358)	\$ 2,475,368
Warrants exercised	8	232,000	60,350	(11,150)	(35,200)	-	-	14,000
Shares issued for exploration and evaluation assets	8	16,800,000	5,027,000	-	-	-	-	5,027,000
Private placements	8	11,486,063	3,099,831	-	-	-	-	3,099,831
Fair value of warrants from private placement	8	-	(880,124)	880,124	-	-	-	-
Share issue costs	8	198,161	(76,139)	16,097	(22,400)	-	-	(82,442)
Share-based payments	8	-	-	-	-	632,450	-	632,450
Net loss for the year		-	-	-	-	-	(4,691,322)	(4,691,322)
<b>Balance, March 31, 2022</b>		78,238,894	\$ 45,943,854	\$ 2,471,579	\$ 19,134	\$ 1,833,998	\$(43,793,680)	\$ 6,474,885

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

## FIRST ENERGY METALS LIMITED

### Statements of Cash Flows

(Expressed in Canadian dollars)

	For the years ended March 31,		
	2022	2021	2020
<b>Cash provided by (used in):</b>			
<b>Operations</b>			
Net loss for the year	\$ (4,691,322)	\$ (2,459,661)	\$ (447,629)
Items not involving cash:			
Share-based payments	632,450	990,321	-
Write-down of exploration and evaluation assets	480,250	163,375	27,000
Flow-through recovery	(200,961)	-	-
Changes in non-cash operating assets and liabilities:			
Amounts receivable and prepaid expenses	(652,571)	(116,842)	8,984
Accounts payable and accrued liabilities	(18,164)	189,869	89,184
Due to related parties	(53,442)	39,649	3,865
<b>Cash used in operating activities</b>	<b>(4,503,760)</b>	<b>(1,193,289)</b>	<b>(318,596)</b>
<b>Investing activities</b>			
Acquisition of exploration & evaluation assets	(675,000)	(220,171)	-
<b>Cash used in investing activities</b>	<b>(675,000)</b>	<b>(220,171)</b>	<b>-</b>
<b>Financing activities</b>			
Proceeds from financing	3,200,000	2,390,050	325,000
Share issue costs	(82,442)	(156,341)	-
Proceeds from exercise of warrants	14,000	1,115,200	-
<b>Cash provided from financing activities</b>	<b>3,131,558</b>	<b>3,348,909</b>	<b>325,000</b>
<b>Increase (decrease) in cash during the year</b>	<b>(2,047,202)</b>	<b>1,935,449</b>	<b>6,404</b>
<b>Cash, beginning of the year</b>	<b>2,158,688</b>	<b>223,239</b>	<b>216,835</b>
<b>Cash, end of the year</b>	<b>\$ 111,486</b>	<b>\$ 2,158,688</b>	<b>\$ 223,239</b>
<b>Supplemental information:</b>			
Shares issued for exploration and evaluation assets	\$ 5,027,000	\$ 679,500	\$ 75,000

Fair value of warrants issued in connection with financing	\$	880,124	\$	1,248,160	\$	162,298
Fair value of shares issued to finders	\$	19,134	\$	41,534	\$	-
Fair value of warrants exercised	\$	11,150	\$	228,317	\$	-
Exploration and evaluation assets in accounts payable	\$	18,000	\$	121,000	\$	-
Write-down of accrued exploration and evaluation acquisition costs included in accounts payable	\$	121,000	\$	-	\$	-

*The accompanying notes are an integral part of these financial statements.*

## **FIRST ENERGY METALS LIMITED**

### **Notes to the Financial Statements**

**For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

#### **1. Nature of Operations and Going Concern**

First Energy Metals Limited (“First Energy” or the “Company”) was incorporated on October 12, 1966 in the Province of British Columbia under the Business Corporations Act of British Columbia, and its principal business activity is the exploration of mineral properties in Canada.

The Company’s head office and principal address is Suite 2421 – 1055 West Georgia Street, Vancouver, B.C., Canada, V6E 3P3. The Company’s registered and records office is 25th Floor-700 West Georgia Street, Vancouver, B.C., Canada, V7Y 1B3.

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, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, the Company has not experienced any significant impact to its business, results of operations, financial position and cash flows as result of the pandemic. However, it is not possible for the Company to predict the duration or magnitude of the adverse results of the pandemic and its impact on the Company’s future business or results of operations.

The Company will need to raise sufficient funds as the Company’s current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company’s performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. In addition to evaluating financing options, the Company has also implemented cost savings measures.

The COVID-19 pandemic also creates uncertainty in respect to global economic and market conditions however its specific, identifiable impact on the Company has not, to date, been material. Future developments in the course of the pandemic could negatively impact the Company’s operations, however such future outcomes cannot currently be predicted beyond those expected to affect society as a whole. Like all entities and individuals, the Company is subject to the COVID-19- related restrictions and mandates instituted by the government of British Columbia, and continues to comply with all such requirements in the context of its continuing operations.

#### **2. Significant Accounting Policies**

##### **(a) Statement of Compliance**

These financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 1, Presentation of Financial Statements (“IAS 1”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these financial statements are based on International Financial Reporting Standards (“IFRS”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) issued and outstanding as at July 27, 2022, the date the board of directors approved these financial statements for issue.

##### **(b) Basis of Measurement and Presentation**

These financial statements have been prepared using the historical cost convention using the accrual basis of accounting except for some financial instruments, which have been measured at fair value. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included.

### **(c) Cash**

Cash consists of cash held in bank accounts. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

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## **FIRST ENERGY METALS LIMITED**

### **Notes to the Financial Statements**

**For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

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## **2. Significant Accounting Policies (continued)**

### **(d) Exploration and Evaluation Assets**

Exploration and evaluation acquisition costs are considered assets and capitalized at cost. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment. When the technical and commercial viability of a mineral interest has been demonstrated and a development decision has been made, accumulated expenses will be tested for impairment before they are reclassified to assets and amortized on a unit of production basis over the useful life of the ore body following commencement of commercial production.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed. Mineral property exploration and evaluation expenditures are expensed until the property reaches the development stage.

The recoverability of the amounts capitalized for exploration and evaluation assets is dependent upon the determination of economically recoverable mineral deposits, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. If it is determined that exploration and evaluation assets are not recoverable, the property is abandoned, or management has determined an impairment in value, the property is written down to its estimated recoverable amount.

Refer to note 3(c).

### **(e) Financial Instruments and Risk Management**

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company become party to the contracts that give rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate.

The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

#### Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates



or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVPL are measured at fair value with changes in fair value recognized in profit or loss.

#### Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income (“OCI”) with no reclassification to profit or loss. The election is available on an investment-by-investment basis.

## **FIRST ENERGY METALS LIMITED**

### **Notes to the Financial Statements**

**For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

#### **2. Significant Accounting Policies (continued)**

##### **(e) Financial Instruments and Risk Management (continued)**

#### Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash, other receivables and certain other assets are classified as and measured at amortized cost.

#### Financial liabilities

Financial liabilities, including accounts payable and accrued liabilities and finance leases are recognized initially at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net earnings when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities and finance leases are classified as and measured at amortized cost.

#### Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are recorded in profit or loss.

#### Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm’s length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

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.

## Impairment of financial assets

A loss allowance for expected credit losses is recognized in OCI for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investment in equity instruments. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition. Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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## **FIRST ENERGY METALS LIMITED**

### **Notes to the Financial Statements**

### **For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

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## **2. Significant Accounting Policies (continued)**

### **(e) Financial Instruments and Risk Management (continued)**

#### Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset, then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

Liquidity risk on amounts due to creditors and amounts due to related parties were significant to the Company's statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal prices and the price of silver and gold in particular.

### **(f) Equipment**

Equipment is recorded at cost and depreciated over its estimated useful life. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying

amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of operations and comprehensive loss during the financial period in which they are incurred.

Depreciation is recognized using the straight-line basis over the estimated useful lives of the various classes of equipment, ranging from three to five years. Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

#### **(g) Impairment of Tangible and Intangible Assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that the assets may be impaired. If such indication exists, the recoverable amount of the identified asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

## **FIRST ENERGY METALS LIMITED**

### **Notes to the Financial Statements**

### **For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

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#### **2. Significant Accounting Policies (continued)**

##### **(g) Impairment of Tangible and Intangible Assets (continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior reporting periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Management's estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. A mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavorable economic, legal regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are key factors considered as part of the ongoing assessment of the recoverability of the carrying amount of exploration and evaluation assets. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

##### **(h) Income Taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating

to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

#### **(i) Foreign Currency Translation**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were made through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

## **FIRST ENERGY METALS LIMITED**

### **Notes to the Financial Statements**

**For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

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#### **2. Significant Accounting Policies (continued)**

##### **(j) Share-based Payments**

The Company accounts for stock options issued to directors and employees at the fair value determined on the grant date using the Black-Scholes option pricing model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date the goods and services are received.

Share purchase warrants issued are recorded at estimated fair values determined on the grant date using the Black-Scholes model. If and when the stock options or share purchase warrants are ultimately exercised, the applicable amounts of their fair values in the reserve accounts are transferred to share capital. If and when the stock options or share purchase warrants are ultimately expired, the applicable amounts of their fair values in the reserve accounts are transferred to deficit.

##### **(k) Share Capital**

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of the units are allocated between common shares and share purchase warrants on a pro-rata basis based on the relative fair values as follows: the fair value of the common shares is based on the market closing price on the date the units are issued and fair value of the share purchase warrants is determined using the Black-Scholes option pricing model.

## **(l) Earnings (Loss) per Common Share**

Basic earnings (loss) per common share is calculated by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share are the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and share purchase warrants are used to repurchase common shares at the average price during the period.

## **(m) Flow-through Shares**

Share capital includes flow-through shares which is a unique Canadian tax incentive pursuant to certain provisions of the Canadian Income Tax Act. Proceeds from the issuance of flow-through shares are used to fund qualified Canadian exploration and evaluation projects and the related income tax deductions are renounced to the subscribers of the flow-through shares. The premium paid for flow-through shares in excess of the market value of the shares without flow-through features, at the time of issue, is credited to other liabilities and recognized in income at the time qualifying expenditures are incurred. The Company also recognizes a deferred tax liability with a corresponding charge in the statement of operations when the qualifying exploration and evaluation expenditures are renounced. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset and recovery of deferred income taxes through profit or loss in the reporting period.

# **FIRST ENERGY METALS LIMITED**

## **Notes to the Financial Statements**

**For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

## **2. Significant Accounting Policies (continued)**

### **(m) Flow-through Shares (continued)**

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through expenditure commitments.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

### **(n) Decommissioning Liabilities**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

### **(o) Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.

### **(p) New, Amended and Future IFRS Pronouncements**

### **IAS 16 Property, Plant and Equipment**

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendment is not currently applicable.

### **IAS 1, Presentation of Financial Statements**

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. An assessment will be performed prior to the effective date of January 1, 2023 to determine the impact to the Company's financial statements.

There are no other IFRS that are not yet effective that would be expected to have a material impact on the Company.

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## **FIRST ENERGY METALS LIMITED**

### **Notes to the Financial Statements**

**For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

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### **3. Critical Accounting Judgments and Estimates**

The preparation of financial statements requires management to make judgments and estimates that affect the amounts reported in the financial statements and notes. By their nature, these judgments and estimates are subject to change and the effect on the financial statements of changes in such judgments and estimates in future periods could be material. These judgments and estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these judgments and estimates. The more significant areas are as follows:

#### **(a) Share-based Payment Transactions**

The Company measures the cost of equity-settled transactions with employees 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. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

#### **(b) Going Concern**

The assessment of the Company's ability to raise sufficient funds to finance its exploration and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(c) Intangible Exploration and Evaluation Assets**

Management is required to assess impairment in respect of intangible exploration and evaluation assets. Note 5 discloses the carrying value of such assets. The triggering events for the potential impairment of exploration and evaluation assets are defined in IFRS 6 *Exploration for and Evaluation of Mineral Properties* and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In making the assessment, management is required to make judgments as to the status of each project and its future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and accordingly some assets are likely to become impaired in future periods.

#### (d) Deferred Tax Assets

Deferred income tax asset carrying amounts depend on estimates of future taxable income and the likelihood of reversal of timing differences. Where reversals are expected, estimates of future tax rates will be used in the calculation of deferred tax asset carrying amounts. Potential tax assets were considered not to be recoverable at the current year end.

## FIRST ENERGY METALS LIMITED

### Notes to the Financial Statements

For the years ended March 31, 2022, 2021 and 2020

(Expressed in Canadian dollars)

#### 4. Amounts Receivable and Prepaid Expenses

	March 31, 2022	March 31, 2021
GST/HST	\$ 35,476	\$ 34,975
Prepayments and other receivable	740,977	88,907
<b>Total</b>	<b>\$ 776,453</b>	<b>\$ 123,882</b>

#### 5. Exploration and Evaluation Assets

Exploration and evaluation assets deferred to the statements of financial position at March 31, 2022 and 2021 are as follows:

	March 31, 2021	Additions	Write-off	March 31, 2022
Phyllis Cobalt	\$ 201,750		\$ (201,750) (i)	\$ -
Kokanee Creek	163,375	768,750	-	932,125
Scamble Mine	66,000	-	(66,000)	-
Shaw Gold	130,000	-	(130,000)	-
Titan Gold	132,500	18,000		150,500
Augustus Lithium	112,500	222,500	-	335,000
Canadian Lithium	80,000	96,250	-	176,250
Abitibi Lithium	-	1,767,000	-	1,767,000
McNeely	-	820,000	-	820,000
Bald Eagle	-	203,500	(203,500)	-
Red Lake	-	792,750	-	792,750
Falcon Lake	-	50,000	-	50,000
Electron Lithium	-	981,250	-	981,250
	<b>\$ 886,125</b>	<b>\$ 5,720,000</b>	<b>\$ (601,250)</b>	<b>\$ 6,004,875</b>

	March 31,		March 31,	
	2020	Additions	Write-off	2021
Phyllis Cobalt	\$ 56,000	\$ 145,750	\$ -	\$ 201,750
Independence Gold	37,500	125,875	(163,375)	-
Kokanee Creek	37,500	125,875	-	163,375
Scamble Mine	-	66,000	-	66,000
Shaw Gold	-	130,000	-	130,000
Titan Gold	-	132,500	-	132,500
Augustus Lithium	-	112,500	-	112,500
Canadian Lithium	-	80,000	-	80,000
	\$ 131,000	\$ 918,500	\$ (163,375)	\$ 886,125

(i) Included in the write-off of the Phyllis Cobalt property is \$121,000 of previously accrued acquisition costs.

#### (a) Bald Eagle Silver Property

The Company acquired a 100% interest in the Bald Eagle Silver property issuing 550,000 common shares on April 20, 2021. Bald Eagle is subject to a 2.0% Net Smelter Return (“NSR”) royalty of which the Company will have the option to reduce the NSR by 1.0% to 1.0% by paying \$500,000.

The Bald Eagle property is located in the Alberni Mining Division of British Columbia and consists of 3 mining claims covering 1,014 hectares.

During the year ended March 31, 2022, the Bald Eagle claims were allowed to lapse and as a result the Company has written-off all deferred costs incurred to date as it works to re-stake the claims.

## FIRST ENERGY METALS LIMITED

### Notes to the Financial Statements

#### For the years ended March 31, 2022, 2021 and 2020

(Expressed in Canadian dollars)

#### 5. Exploration and Evaluation Assets (continued)

##### (b) Kokanee Creek and Independence Gold Properties

On March 17, 2020, the Company entered in an option agreement to acquire a 100% interest in the Kokanee Creek and Independence Gold Properties (the “Properties”). The Properties are located in British Columbia and consist of 5 claims covering 2,690 hectares.

On February 28, 2021 and again on August 13, 2021, the Company entered into amended option agreements which amended the due dates for certain cash payments, share issuances and exploration expenditure requirements of the option agreement, as noted below.

Under the terms of the Properties amended option agreement, the Company has the option to acquire a 100% interest in the Kokanee Creek Property and Independence Gold Property by completing the following option payments, common share issuances and exploration expenditures:

Due Dates	Option payments (\$)	Issuance of First Energy common shares	Minimum exploration expenditures (\$)	Cumulative exploration expenditure (\$)
On signing (paid)	10,000	Nil	Nil	Nil
December 31, 2021 (paid and issued)	35,500	2,500,000	Nil	Nil
March 31, 2022	Nil	2,775,000	Nil	Nil



(issued)				
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The Company issued the remaining 2,775,000 shares as of March 31, 2022, to acquire a 100% interest in the Properties.

The Properties are subject to a 2.0% NSR royalty of which the Company will have the option to reduce the NSR by 1.0% by paying \$1,000,000.

During the year ended March 31, 2021, the Company announced it would not be pursuing any further exploration work on the Independence Gold property and wrote-off all deferred costs incurred to date.

**(c) Abitibi Lithium Property**

On March 12, 2021, the Company entered into a purchase agreement to acquire a 100% interest in the Abitibi Lithium property (the “Abitibi Agreement”). The Abitibi Lithium property is comprised of 241 mineral claims covering approximately 12,779 hectares located in the Abitibi area of western Quebec.

Under the terms of the Abitibi Agreement, the Company acquired a 100% interest in the Abitibi Lithium property by issuing 4,100,000 common shares of the Company and by paying \$250,000 on April 20, 2021. The Abitibi Lithium Property is subject to a 3% NSR royalty, which the Company will have the option to reduce the NSR by 1.0% to 2.0% by paying \$1,000,000.

**(d) Phyllis Cobalt Property**

On January 29, 2018, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims (the “Phyllis Property”) covering 1,750 hectares located in the Kenora Mining District in northwestern Ontario, Canada.

On January 29, 2019, March 15, 2019 and again on December 30, 2019, the Company entered into amended option agreements (the “Phyllis Amendment Agreement”) which amended the due dates for certain cash payments, share issuances and exploration expenditure requirements of the Phyllis Cobalt Agreement, as noted below.

**FIRST ENERGY METALS LIMITED**

**Notes to the Financial Statements**

**For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

**5. Exploration and Evaluation Assets (continued)**

**(d) Phyllis Cobalt Property (continued)**

Under the terms of the Phyllis Amendment Agreement, the Company has the option to acquire a 100% interest in the Phyllis Property by completing the following option payments, common share issuances and exploration expenditures:

Due Dates	Option payments (\$)	Issuance of First Energy common shares	Minimum exploration expenditures (\$)	Cumulative exploration expenditure (\$)
On signing (paid and issued)	20,000	100,000	Nil	Nil
September 1, 2020(i)	35,000	150,000 (issued)	75,000 (completed)	75,000 (completed)
December 31, 2020(i)	35,000	150,000	25,000 (completed)	100,000 (completed)
June 1, 2021(i)	50,000	200,000	25,000 (completed)	125,000 (completed)

(i) Both parties remain in active negotiations for an amendment agreement.

Under the Phyllis Amendment Agreement, the Phyllis Property is subject to a 3% NSR royalty upon commencement of commercial production. The Company will have the option to reduce the NSR by 1.0% to 2.0% by paying \$1,000,000.

During the year ended March 31, 2022, the Company wrote-off all deferred costs incurred to date as the Company continues negotiations for an amended agreement.

**(e) Red Lake Property**

On September 14, 2020, the Company entered in an option agreement to acquire a 100% interest in the Red Lake Property. The Red Lake property is located in the Red Lake Mining District of Northwestern Ontario and consists of 94 mining cell claims covering 1,880 hectares in the Ball and Todd townships.

On February 28, 2021, and again on August 13, 2021, the Company entered into amended option agreements which amended the due dates for certain cash payments, share issuances and exploration expenditure requirements of the Properties Option Agreement, as noted below.

Under the terms of the amended Red Lake option agreement, the Company has the option to acquire a 100% interest in the Red Lake Property by completing the following option payments, common share issuances and exploration expenditures, subject to regulatory approval:

Due Dates	Option payments (\$)	Issuance of First Energy common shares	Minimum exploration expenditures (\$)	Cumulative exploration expenditure (\$)
March 31, 2022 (issued)	Nil	2,775,000	Nil	Nil

The Company issued 2,775,000 shares as of March 31, 2022, to acquire a 100% interest in the Red Lake property.

The Red Lake property is subject to a 2.5% NSR royalty, with the Company having the option to reduce the NSR by 1% to 1.5% by paying \$1,000,000.

**FIRST ENERGY METALS LIMITED**  
**Notes to the Financial Statements**  
**For the years ended March 31, 2022, 2021 and 2020**  
 (Expressed in Canadian dollars)

**5. Exploration and Evaluation Assets (continued)**

**(f) Scramble Mine Gold Property**

On June 2, 2020, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims (the “Scramble Mine Gold Property”) located in the Kenora Mining District in northwestern Ontario, Canada.

Under the terms of the Scramble Mine Option Agreement, the Company has the option to acquire a 100% interest in the Scramble Mine Gold Property by completing the following option payments, common share issuances and exploration expenditures:

Due Dates	Option payments (\$)	Issuance of First Energy common shares	Minimum exploration expenditures (\$)	Cumulative exploration expenditure (\$)
On signing (issued)	Nil	400,000	Nil	Nil
September 1, 2020 (completed)	Nil	Nil	30,000	30,000
June 2, 2021(i)	Nil	300,000	40,000	70,000

June 2, 2022	Nil	300,000	80,000	150,000
June 2, 2023	100,000	Nil	100,000	250,000

(i) Both parties remain in active negotiations for an amendment agreement. Subsequent to March 31, 2022, cash and share issuances past due remain outstanding and have not been accrued whilst the both parties negotiate an amendment.

The Scramble Mine Gold Property is subject to a 3.0% NSR royalty. The Company will have the option to reduce the NSR by 1.0% to 2.0% by paying \$500,000.

During the year ended March 31, 2022, the Company wrote-off all deferred costs incurred to date, as the Company negotiates an amended agreement.

#### (g) Titan Gold Property

On October 2, 2020, the Company entered into an option agreement to acquire a 100% interest in the Titan Gold Property (“Titan Gold”). Titan Gold is located in the Abitibi area of Western Quebec, Canada and is comprised of 80 mining claims covering approximately 4,402 hectares.

Under the terms of the option agreement, the Company has the option to acquire a 100% interest in the Titan Gold property by completing the following option payments, common share issuances and exploration expenditures, subject to regulatory approval:

Due Dates	Option payments (\$)	Issuance of First Energy common shares
On signing (paid and issued)	12,500	600,000
October 2, 2021 (accrued)	18,000	Nil
October 2, 2022	28,000	Nil
October 2, 2023	40,000	Nil

(i) Both parties remain in active negotiations for an amended agreement. Subsequent to March 31, 2022, cash payments past due remain outstanding and additional payments under the original agreement have not been accrued whilst the both parties negotiate an amendment.

The Titan Gold property is subject to a 1.5% NSR royalty. The Company will have the option to reduce the NSR by 0.5% to 1.0% by paying \$500,000.

## FIRST ENERGY METALS LIMITED

### Notes to the Financial Statements

For the years ended March 31, 2022, 2021 and 2020

(Expressed in Canadian dollars)

#### 5. Exploration and Evaluation Assets (continued)

##### (h) Augustus Lithium Property

On January 18, 2021, the Company entered into an option agreement to acquire a 100% interest in the Augustus Lithium property (the “Augustus Agreement”). The Augustus Lithium property is comprised of 21 mineral claims covering approximately 937 hectares located in the Abitibi area of western Quebec.

Under the terms of the Augustus Agreement, the Company has the option to acquire a 100% interest in the property by completing the following option payments, common share issuances and exploration expenditures:

Due Dates	Option payments (\$)	Issuance of First Energy common shares	Minimum exploration expenditures (\$)	Cumulative exploration expenditure (\$)
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On signing (paid and issued)	35,000	500,000	Nil	Nil
January 18, 2022 (paid, issued and completed)	40,000	500,000	50,000	50,000
January 18, 2023	45,000	500,000	150,000	200,000
January 18, 2024	60,000	500,000	350,000	550,000

The Augustus Lithium Property is subject to a 2% NSR royalty. The Company will have the option to reduce the NSR by 1.0% to 1.0% by paying \$1,000,000.

**(i) Canadian Lithium Property**

On February 3, 2021, the Company entered into an option agreement to acquire a 100% interest in the Canadian Lithium property (the “Canadian Lithium Agreement”). The Canadian Lithium property is comprised of 12 mineral claims covering approximately 671 hectares located in the Landrienne Township area of Quebec.

Under the terms of the Canadian Lithium Agreement, the Company has the option to acquire a 100% interest in the property by completing the following option payments, common share issuances and exploration expenditures:

Due Dates	Option payments (\$)	Issuance of First Energy common shares
On signing (paid and issued)	15,000	325,000
February 3, 2022 (paid and issued)	20,000	250,000
February 3, 2023	25,000	300,000

The Canadian Lithium Property is subject to a 2% NSR royalty. The Company will have the option to reduce the NSR by 1.0% to 1.0% by paying \$1,000,000.

**(j) McNeely Lithium Property**

Pursuant to the McNeely Lithium Property purchase agreement entered on June 7, 2021, the Company acquired a 100% interest in the McNeely Lithium Property, located in Quebec, by issuing 2,000,000 common shares and paying \$250,000. The McNeely Lithium Property is subject to a 3.0% Gross Metal Royalty (“GMR”). Certain of the claims are subject to a pre-existing 1.0% NSR. The Company will have the option to purchase the NSR by paying \$200,000 to the NSR holder.

**FIRST ENERGY METALS LIMITED**

**Notes to the Financial Statements**

**For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

**5. Exploration and Evaluation Assets (continued)**

**(k) Falcon Lake Property**

On January 3, 2022, the Company entered into an option agreement to acquire a 100% interest in the Falcon Lake property (the “Falcon Lake Agreement”). The Falcon Lake property is comprised of 48 mineral claims covering approximately 987 hectares located in the Thunder Bay Mining Division, Ontario.

Under the terms of the Falcon Lake Agreement, the Company has the option to acquire a 100% interest in the property by completing the following option payments, common share issuances and exploration expenditures:

Due Dates	Option payments (\$)	Issuance of First Energy common shares	Minimum exploration Expenditures (\$)	Cumulative exploration expenditure (\$)
On signing (paid and issued)	15,000	100,000	Nil	Nil
January 3, 2023	30,000	250,000	50,000	50,000
January 3, 2024	40,000	250,000	100,000	150,000
January 3, 2025	Nil	Nil	100,000	250,000

#### (l) Electron Lithium Property

On March 2, 2022, the Company entered into a purchase agreement to acquire a 100% interest in the Electron Lithium property (the “Electron Agreement”). The Electron Lithium property is comprised of 435 mineral claims covering approximately 20,357 hectares of prospective land around the Augustus Lithium Property in western Quebec.

Under the terms of the Electron Lithium Agreement, the Company has the right to acquire a 100% interest in the Electron Lithium property by issuing an aggregate 3,750,000 common shares of the Company and by paying an aggregate \$300,000, as follows:

Due Dates	Option payments (\$)	Issuance of First Energy common shares
On signing (paid and issued)	100,000	3,750,000
September 2, 2022	100,000	Nil
March 2, 2023	100,000	Nil

The Electron Lithium property is subject to a 3% GMR royalty, which the Company will have the option to reduce the GMR by 1.0% to 2.0% by paying \$1,000,000.

#### (m) Shaw Gold Property

On September 18, 2020, the Company entered into an option agreement with Gravel Ridge Resources Ltd. to acquire a 100% interest in the Shaw Gold Property (“Shaw Gold”). Shaw Gold is located in Timmins Area Ontario, Canada and is comprised of 18 claims covering approximately 693 hectares in the Shaw, Eldorado and Whitney Townships near Timmins, Ontario.

During the year ended March 31, 2022, the Company decided it would not be pursuing any further exploration work on the Shaw Gold property and as a result has written-off all deferred costs incurred to date.

## FIRST ENERGY METALS LIMITED

### Notes to the Financial Statements

#### For the years ended March 31, 2022, 2021 and 2020

(Expressed in Canadian dollars)

#### 5. Exploration and Evaluation Assets (continued)

Exploration and evaluation expenditures recorded in the statements of loss and comprehensive loss for the year ended March 31, 2022, 2021 and 2020 are as follows:

Year ended March 31, 2022	Assay and sampling	Drilling and mobilization	Field expenditures	Geological Consulting	Geological and Technical Services	Land claims and property taxes	Total March 31, 2022
<b>British Columbia</b>							

Kookanee Creek	\$ -	\$ -	\$ 17,000	\$ 47,500	\$ 10,000	\$ -	\$ 74,500
<b>Ontario</b>							
Phyllis Cobalt	9,797	11,250	-	-	-	-	21,047
<b>Quebec</b>							
Titan Gold	-	-	-	75	-	-	75
Augustus Lithium	115,584	822,454	208,742	280,223	73,665	1,593	1,502,261
General Exploration	-	-	-	11,238	-	-	11,238
<b>Total</b>	<b>\$ 125,381</b>	<b>\$ 833,704</b>	<b>\$ 225,742</b>	<b>\$ 339,036</b>	<b>\$ 83,665</b>	<b>\$ 1,593</b>	<b>\$1,609,121</b>

<b>Year ended March 31, 2021</b>	<b>Assay and sampling</b>	<b>Drilling and mobilization</b>	<b>Field expenditures</b>	<b>Geological Consulting</b>	<b>Geological and Technical Services</b>	<b>Land claims and property taxes</b>	<b>Total March 31, 2021</b>
<b>British Columbia</b>							
Kookanee Creek	\$ 5,000	\$ -	\$ 11,600	\$ 17,500	\$ 13,520	\$ 1,200	\$ 48,820
<b>Ontario</b>							
Scramble Mine Gold	6,472	-	3,169	34,826	4,762	-	49,229
Shaw Gold	-	-	713	-	-	-	713
<b>Quebec</b>							
Titan Gold	-	3,200	-	2,700	44,737	-	50,637
Augustus Lithium	4,163	-	9,331	30,450	24,408	-	68,352
Canadian Lithium	-	-	-	3,500	11,250	-	14,750
General Exploration	-	-	4,100	9,500	-	-	13,600
<b>Total</b>	<b>\$ 15,635</b>	<b>\$ 3,200</b>	<b>\$ 28,913</b>	<b>\$ 98,476</b>	<b>\$ 98,677</b>	<b>\$ 1,200</b>	<b>\$ 246,101</b>

<b>Year ended March 31, 2020</b>	<b>Assay and sampling</b>	<b>Drilling and mobilization</b>	<b>Field expenditures</b>	<b>Geological Consulting</b>	<b>Geological and Technical Services</b>	<b>Land claims and property taxes</b>	<b>Total March 31, 2020</b>
<b>British Columbia</b>							
Kootenay Lithium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,028	\$ 3,028
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,028</b>	<b>\$ 3,028</b>

## FIRST ENERGY METALS LIMITED

### Notes to the Financial Statements

#### For the years ended March 31, 2022, 2021 and 2020

(Expressed in Canadian dollars)

#### 6. Accounts Payable and Accrued Liabilities

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Trade and other payables	\$ 225,798	\$ 247,687
Accrued liabilities	37,000	136,275
<b>Totals</b>	<b>\$ 262,798</b>	<b>\$ 383,962</b>

#### 7. Related Party Transactions and Balances

Remuneration of directors and key management personnel of the Company for the years ended March 31, 2022, 2021 and 2020 were as follows:

	<b>For the years ended March 31, 2022</b>	<b>2021</b>	<b>2020</b>
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Consulting fees charged by directors of the Company	\$	52,000	\$	13,500	\$	1,000
Exploration consulting fees charged by directors		12,000		-		-
Salaries, fees and benefits		188,021		148,000		70,000
Share-based payments		-		292,472		-

Related party balances as at March 31, 2022 and 2021 were as follows:

		<b>March 31, 2022</b>		<b>March 31, 2021</b>
Amounts due to directors and officers of the Company	\$	5,723	\$	71,665
Amounts due to companies controlled by directors and officers		31,200		18,700
<b>Total</b>	<b>\$</b>	<b>36,923</b>	<b>\$</b>	<b>90,365</b>

The directors' and officers' balances also include fees and expenses owing to directors and officers incurred in the normal course of business.

## 8. Share Capital

(a) **Authorized** - Unlimited number of common shares without par value.

### (b) Issued share capital

The Company had 78,238,894 common shares issued and outstanding as at March 31, 2022 and 49,522,670 common shares issued and outstanding as at March 31, 2021.

### Fiscal 2022

- i) During fiscal year 2022, the Company issued 232,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of \$49,200 (\$35,200 received during fiscal year 2021). Fair value of the warrants exercised was \$11,150.
- ii) On April 20, 2021, in connection with the private placement closed on March 4, 2021, the Company issued 198,161 common shares valued at \$41,534 pursuant to a finder's agreement;
- iii) On April 20, 2021, the Company issued 4,100,000 common shares valued at \$1,517,000, pursuant to the purchase agreement, to acquire a 100% interest in the Abitibi Lithium Property (see Note 5);
- iv) On April 20, 2021, the Company issued 550,000 common shares valued at \$203,500, pursuant to the Bald Eagle Silver Property purchase agreement (see Note 5);

## FIRST ENERGY METALS LIMITED

### Notes to the Financial Statements

For the years ended March 31, 2022, 2021 and 2020

(Expressed in Canadian dollars)

## 8. Share Capital (continued)

### (b) Issued share capital (continued)

- v) On June 3, 2021, the Company closed a non-brokered private placement for aggregate gross proceeds of \$1,000,000 through the issuance of 2,003,376 flow-through units ("FT Units") at \$0.385 per FT Unit for proceeds of \$771,300 and through the issuance of 682,687 non-flow through units ("NFT Units") at \$0.335 per NFT Unit for gross proceeds of \$228,700. Each FT Unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.45 for a period of two years from the issue date. Each NFT Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.40 for a period of two years from the issue date. The Company recognized a liability for flow-through shares of \$100,169 (see Note 12). The share purchase warrants were valued using the Black-

Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.32%, volatility factor of 231.77% and an expected life of two years. Share issue costs were \$67,727, which include a finder's fee of \$64,384 in cash and the issuance of 105,169 finder's units fair valued at \$35,232 using the Black-Scholes pricing model as above and \$3,343 in other share issue costs. As at March 31, 2022 the shares issuable under the finder's units had not been issued and are included in share subscriptions;

- vi) On June 9, 2021, the Company acquired a 100% interest in the McNeely Lithium Property, by issuing 2,000,000 common shares valued at \$570,000, pursuant to the McNeely Lithium Property purchase agreement (see Note 5);  
  
On November 26, 2021, the Company closed a non-brokered private placement for aggregate proceeds of \$2,200,000 from the sale 8,800,000 units at a price of \$0.25 cents per unit (the "Unit"). Each Unit consists of one common share and one fully transferable common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase an additional common share for a price of \$0.50 per share for a period of one year from the closing date of the private placement.
- vii) The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.90%, volatility factor of 132.01% and an expected life of one year. Share issue costs were \$14,715, which include a finder's fee of \$13,750 in cash and \$965 in other share issue costs;
- viii) During the period from December 2021 to January 2022, the Company issued 2,775,000 common shares valued at \$ 768,750, pursuant to the purchase agreement, to acquire a 100% interest in the Kokanee Creek Property (see Note 5);
- ix) During the period from December 2021 to January 2022, the Company issued 2,775,000 common shares valued at \$ 792,750, pursuant to the purchase agreement, to acquire a 100% interest in the Red Lake Property (see Note 5);
- x) On January 7, 2022, the Company issued 100,000 common shares valued at \$35,000, pursuant to the option agreement, towards acquiring a 100% interest in the Falcon Property (see Note 5);
- xi) On January 18, 2022, the Company issued 500,000 common shares valued at \$182,500, pursuant to the option agreement, towards acquiring a 100% interest in the Augustus Lithium Property (see Note 5);
- xii) On February 9, 2022, the Company issued 250,000 common shares valued at \$76,250, pursuant to the option agreement, towards acquiring a 100% interest in the Canadian Lithium Property (see Note 5); and
- xiii) On March 2, 2022, the Company issued 3,750,000 common shares valued at \$881,250, pursuant to the option agreement, towards acquiring a 100% interest in the Electron Lithium Property (see Note 5).

#### **Fiscal 2021**

- i) During fiscal year 2021, the Company issued 6,466,667 common shares pursuant to the exercise of share purchase warrants for total proceeds of \$1,080,000. Fair value of the warrants exercised was \$228,317;
- ii) On August 5, 2020, the Company issued 1,250,000 common shares valued at \$206,250 pursuant to the Kokanee Creek and Independence Agreement towards acquiring a 100% interest in the Kokanee Creek and Independence Properties (see Note 5);
- iii) On August 5, 2020, the Company issued 150,000 common shares valued at \$24,750 pursuant to the Phyllis Property Agreement towards acquiring a 100% interest in the Phyllis Cobalt Property (see Note 5);
- iv) On August 5, 2020, the Company issued 400,000 common shares valued at \$66,000 pursuant to the Scramble Mine Property Agreement towards acquiring a 100% interest in the Scramble Mine Property (see Note 5);

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## **FIRST ENERGY METALS LIMITED**

### **Notes to the Financial Statements**

### **For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

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#### **8. Share Capital (continued)**



**(b) Issued share capital** (continued)

v) On October 21, 2020, the Company issued 600,000 common shares valued at \$120,000 pursuant to the Titan Gold Property Agreement towards acquiring a 100% interest in the Titan Property (see Note 5);

vi) On October 21, 2020, the Company issued 600,000 common shares valued at \$120,000 pursuant to the Shaw Gold Property Agreement towards acquiring a 100% interest in the Shaw Gold Property (see Note 5);

vii) On December 31, 2020, the Company closed the first tranche of a non-brokered private placement, consisting of 1,000,000 flow-through Units (“FT Units”) for gross proceeds of \$250,000. Each FT Unit consists of one flow-through common share at a price of \$0.25 per FT share and one non-flow-through common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.40 for a period of three years from the issue date. The Company recognized a liability for flow-through shares of \$50,000 (see Note 12). The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.25%, volatility factor of 258.9% and an expected life of three years;

viii) On January 19, 2021, the Company issued 500,000 common shares valued at \$77,500 pursuant to the Augustus Lithium Property Agreement towards acquiring a 100% interest in the Augustus Lithium Property (see Note 5);

ix) On January 27, 2021, the Company closed the second and final tranche of balance a non-brokered private placement, consisting of 400,000 flow-through Units (“FT Units”) and 1,250,000 non-flow through units (“NFT Units”) for gross proceeds of \$350,000. Each FT Unit consists of one flow-through common share at a price of \$0.25 per FT share and one non-flow-through common share purchase warrant. Each NFT Unit consists of one common share and one common share purchase warrant at a price of \$0.20 per NFT Unit. Each warrant entitles the holder to purchase one common share at a price of \$0.40 for a period of three years from the issue date. The Company recognized a liability for flow-through shares of \$20,000 (see Note 12). The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.19%, volatility factor of 257.38% and an expected life of three years. The Company also paid finder’s fees of \$19,974 cash and issued 70,000 finder options fair valued at \$9,474 using the Black-Scholes pricing model as above;

x) On February 5, 2021, the Company issued 325,000 common shares valued at \$65,000 pursuant to the Canadian Lithium Property Agreement towards acquiring a 100% interest in the Canadian Lithium Property (see Note 5); and

xi) On March 4, 2021, the Company closed a non-brokered private placement, consisting of 4,000,000 flow-through units (“FT Units”) and 2,950,000 non-flow through units (“NFT Units”) for gross proceeds of \$1,550,000. Each FT Unit consists of one flow-through common share at a price of \$0.24 per FT share and one non-flow-through common share purchase warrant. Each NFT Unit consists of one common share and one common share purchase warrant at a price of \$0.20 per NFT Unit. Each warrant entitles the holder to purchase one common share at a price of \$0.40 for a period of two years from the issue date. The Company recognized a liability for flow-through shares of \$160,000 (see Note 12). The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.22%, volatility factor of 243.36% and an expected life of two years. The Company also paid finder’s fees consisting of \$107,957 cash, issued 51,500 finder warrants fair valued at \$16,140 using the Black-Scholes pricing model as above and issuing 198,161 finder units fair valued at \$79,264 using the Black-Scholes pricing model as above.

**(c) Stock Options**

The Company has a shareholder approved “rolling” stock option plan (the “Plan”) in compliance with the TSX-V’s policies. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the discounted market price of the Company’s stock at the date of grant. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not, within a twelve-month period, exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed, within a twelve-month period, two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company or 30 days following cessation of an optionee conducting investor relations activities’ position.

**For the years ended March 31, 2022, 2021 and 2020**  
(Expressed in Canadian dollars)

**8. Share Capital** (continued)

**(c) Stock Options** (continued)

The continuity for stock options for the years ended March 31, 2022, 2021 and 2020 is as follows:

	Number of Shares	Weighted Average Exercise Price
Balance, fully vested and exercisable at March 31, 2019	-	-
Balance, fully vested and exercisable at March 31, 2020	-	-
Granted	3,940,000	\$0.26
Balance, fully vested and exercisable at March 31, 2021	3,940,000	\$0.26
Granted	2,740,000	\$0.33
Balance, fully vested and exercisable at March 31, 2022	6,680,000	\$0.29

As at March 31, 2022, the following stock options were outstanding:

Expiry Date	Number Outstanding	Number Exercisable	Weighted average exercise price	Average Remaining Contractual Life
February 9, 2026	2,640,000	2,640,000	\$0.21	3.87
February 11, 2026	1,300,000	1,300,000	\$0.35	3.88
May 14, 2026	850,000	850,000	\$0.35	4.13
July 13, 2026	900,000	900,000	\$0.25	4.29
January 5, 2023	750,000	-	\$0.40	0.77
January 6, 2027	240,000	-	\$0.35	4.78
	6,680,000	5,690,000	\$0.29	3.65

**(d) Share Purchase Warrants**

The continuity for share purchase warrants for the years ended March 31, 2022, 2021 and 2020 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2019	3,555,556	\$0.12
Issued	8,000,000	\$0.20
Exercised	(750,000)	\$0.12
Balance, March 31, 2020	10,805,556	\$0.18
Expired	(4,162,889)	\$0.20
Issued	9,919,661	\$0.40
Exercised	(6,466,667)	\$0.17
Balance, March 31, 2021	10,095,661	\$0.40
Issued	10,589,545	\$0.49
Exercised	(232,000)	\$0.21
Balance, March 31, 2022	20,453,206	\$0.45

(Expressed in Canadian dollars)

## 8. Share Capital (continued)

### (d) Share Purchase Warrants (continued)

As at March 31, 2022, the following share purchase warrants issued in connection with private placements were outstanding:

Expiry date	Exercise price	Number Outstanding and Exercisable	Average Remaining Contractual Life
December 31, 2023	\$0.40	1,000,000	1.76
December 31, 2023	\$0.25	14,000	1.76
January 27, 2024	\$0.40	1,650,000	1.83
March 4, 2023	\$0.40	7,199,661	0.93
June 3, 2023	\$0.40	787,857	1.20
June 3, 2023	\$0.45	1,001,688	1.20
November 26, 2022	\$0.50	8,800,000	0.66
	\$0.45	20,453,206	0.95

### (e) Share-Based Payments Reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments. This reserve also includes the value attributed to warrants on unit private placements. At the time that the stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

The fair value of each option granted to employees, officers, and directors was estimated on the date of grant using the Black-Scholes option-pricing model.

#### **Fiscal 2022**

On May 14, 2021, the Company granted 850,000 incentive stock options to directors, officers and consultants and all of which vested at the date of grant. The options are exercisable at \$0.35 per share, expiring on May 14, 2026. The fair value of these options was \$276,997 and was calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 0.94%, volatility factor of 224% and an expected life of five years.

On July 13, 2021, the Company granted 900,000 incentive stock options to consultants and all of which vested at the date of grant. The options are exercisable at \$0.25 per share, expiring on July 13, 2026. The fair value of these options was \$168,437 and was calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 0.95%, volatility factor of 221% and an expected life of five years.

On January 5, 2022, the Company granted 750,000 incentive stock options to consultants and all of which vested at the date of grant. The options are exercisable at \$0.40 per share, expiring on January 5, 2023. The fair value of these options was \$107,899 and was calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 1.01%, volatility factor of 142% and an expected life of one year.

On January 6, 2022, the Company granted 240,000 incentive stock options to consultants and all of which vested at the date of grant. The options are exercisable at \$0.35 per share, expiring on January 6, 2027. The fair value of these options was \$79,117 and was calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 1.41%, volatility factor of 215% and an expected life of five years.

#### **Fiscal 2021**

On February 9, 2021, the Company granted 2,640,000 incentive stock options to directors, officers and consultants and all of which vested at the date of grant. The options are exercisable at \$0.21 per share, expiring on February 9, 2025. The fair value of these options was \$549,565 and was calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 0.49%, volatility factor of 234% and an expected life of five years.

On February 11, 2021, the Company granted 1,300,000 incentive stock options to directors, officers and consultants and all

**FIRST ENERGY METALS LIMITED**  
**Notes to the Financial Statements**  
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(Expressed in Canadian dollars)

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**8. Share Capital** (continued)

**(e) Share-Based Payments Reserve** (continued)

of which vested at the date of grant. The options are exercisable at \$0.35 per share, expiring on February 11, 2025. The fair value of these options was \$440,765 and was calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 0.48%, volatility factor of 234% and an expected life of five years.

**9. Segmented Information**

The Company operates in one business segment being the acquisition and exploration of exploration and evaluation assets and operates in one geographic segment being Canada. The total assets relate to exploration and evaluation assets and have been disclosed in Note 5.

**10. Financial Instruments and Risk Management Fair Value**

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following provides the valuation method of the Company's financial instruments as at March 31, 2022 and 2021:

	Level		As at March 31,	
			2022	2021
Cash	1	\$	111,486	\$ 2,158,688
Reclamation deposits	1	\$	11,000	\$ 11,000
Financial liabilities	1	\$	299,721	\$ 474,327

**Financial Risk Management**

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. As at March 31, 2022, the Company had cash of \$111,486 to settle current liabilities of \$299,721. Further information relating to liquidity risk is disclosed in Note 1.

Interest Rate Risk

The Company has no significant exposure at March 31, 2022, to interest rate risk through its financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, short-term investment, reclamation bonds and

amounts receivable. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

## **FIRST ENERGY METALS LIMITED**

### **Notes to the Financial Statements**

#### **For the years ended March 31, 2022, 2021 and 2020**

(Expressed in Canadian dollars)

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#### **10. Financial Instruments and Risk Management (continued)**

##### Credit Risk (continued)

The Company deposits its cash with a high credit quality major Canadian financial institution as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

##### Currency Risk

The Company has no significant exposure at March 31, 2022, to currency risk through its financial instruments.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in order to maintain liquidity while achieving a satisfactory return. Fluctuations in interest rates impact the amount of return the Company may realize but interest rate risk is not significant to the Company.

There were no transfers from levels or change in the fair value measurements of financial instruments for the years ended March 31, 2022 and 2021.

#### **11. Management of Capital**

The Company primarily considers shareholders' equity in the management of its capital. The Company manages its capital structure and makes adjustments to it based on funds available to the Company, in order to support exploration and development of mineral properties. The Board of Directors has not established quantitative capital structure criteria management but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining sufficient level of funds, to support continued evaluation and maintenance of the Company's existing properties, and to acquire, explore and develop other precious metals, base metals and industrial mineral deposits;
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing if and when it is required.

The properties in which the Company currently holds an interest are in the exploration stage and the Company is dependent on external financing to explore and take the project to development. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and attempt to raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and development of its mineral properties, the Company's management informs the Board of Directors as to the quantum of expenditures for review and approval prior to commencement of work. In addition, the Company may issue new

equity, incur additional debt, enter into joint venture agreements or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

**FIRST ENERGY METALS LIMITED**  
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(Expressed in Canadian dollars)

**11. Management of Capital (continued)**

There were no changes in the Company's approach to capital management during the year ended March 31, 2022, compared to the year ended to March 31, 2021. The Company is not subject to externally imposed capital requirements. Further information relating to management of capital is disclosed in Note 1.

**12. Income Taxes**

The income taxes shown in the statements of operations differ from the amounts obtained by applying statutory rates to net income/loss before income taxes due to the following:

	2022	2021	2020
Net loss (income) for the year	\$ 4,691,000	\$ 2,460,000	\$ 448,000
Statutory tax rate	27%	27%	27%
Expected income tax recovery	1,267,000	664,000	121,000
(Decrease) increase to income tax recovery due to:			
Non-deductible permanent differences	(577,000)	(336,000)	(8,000)
Change in tax assets not recognized	(690,000)	(328,000)	(113,000)
Income tax recovery	\$ -	\$ -	\$ -

The significant components of the Company's deferred tax assets are as follows:

	March 31, 2022	March 31, 2021
Mineral property interests	\$ 2,385,000	\$ 2,181,000
Equipment	97,000	97,000
Operating losses carried forward	3,697,000	3,095,000
Capital losses and other	960,000	953,000
Total deferred tax assets	7,139,000	6,326,000
Deferred tax assets not recognized	(7,139,000)	(6,326,000)
	\$ -	\$ -

The Company's unrecognized deductible temporary differences and unused tax losses consist of the following:

	March 31, 2022	March 31, 2021
Mineral property interests	\$ 8,833,000	\$ 8,079,000
Equipment	360,000	360,000
Operating losses carried forward	13,691,000	11,463,000
Capital losses and other	3,555,000	3,530,000
Unrecognized deductible temporary differences	\$ 26,439,000	\$ 23,432,000

## FIRST ENERGY METALS LIMITED

### Notes to the Financial Statements

For the years ended March 31, 2022, 2021 and 2020

(Expressed in Canadian dollars)

#### 12. Income Taxes (continued)

The realization of income tax benefits related to these deferred potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly, no deferred income tax assets have been recognized for accounting purposes. The Company has Canadian non-capital losses carried forward of \$13,691,000 that may be available for tax purposes. The losses expire as follows:

Expiry date	\$
2027	618,000
2028	928,000
2029	908,000
2030	706,000
2031	1,704,000
2032	1,339,000
2033	1,092,000
2034	879,000
2035	530,000
2036	196,000
2037	233,000
2038	271,000
2039	530,000
2040	428,000
2041	1,101,000
2042	2,228,000
<b>Total</b>	<b>13,691,000</b>

#### Liability and Income Tax Effect on Flow-Through Shares

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

On December 31, 2020, the Company issued 1,400,000 shares on a flow-through basis at \$0.25 per share for proceeds of \$350,000 and recognized a liability on flow-through shares of \$70,000. At March 31, 2022, the Company had incurred the \$350,000 in qualified expenditures.

On March 4, 2021, the Company issued 4,000,000 shares on a flow-through basis at \$0.24 per share for proceeds of \$960,000 and recognized a liability on flow-through shares of \$160,000. At March 31, 2022, the Company had incurred the \$184,753 in qualified expenditures.

On June 3, 2021, the Company issued 2,003,376 shares on a flow-through basis at \$0.385 per share for proceeds of \$771,300 and recognized a liability on flow-through shares of \$100,169. At March 31, 2022, the Company had incurred the \$771,300 in qualified expenditures.

During the year ended March 31, 2022, the Company incurred, in aggregate, \$1,306,053 in qualified flow-through expenditures and recognized a recovery flow-through recovery of \$200,961.

In total, at March 31, 2022, the Company is required to incur \$775,247 of flow-through qualified expenditures.

# FIRST ENERGY METALS LIMITED

## Notes to the Financial Statements

For the years ended March 31, 2022, 2021 and 2020

(Expressed in Canadian dollars)

### 13. Subsequent Events

- On May 2, 2022, the Company closed a non-brokered private placement, consisting of 3,448,571 flow-through units (“FT Units”) priced at \$0.245 per FT Unit and 2,750,000 non-flow through units (“NFT Units”) priced at \$0.20 per NFT Unit for aggregate gross proceeds of \$1,394,900. Each FT Unit consists of one flow-through common share and one-half of one common share purchase warrant (each a “Flow Through Warrant”). Each whole Flow Through Warrant entitles the holder to purchase one common share at a price of \$0.45 for a period of two years from the issue date. Each NFT Unit consists of one non-flow-through common share and one non-flow-through common share purchase warrant. Each NFT warrant entitles the holder to purchase one common share at a price of \$0.50 for a period of one year from the issue date. The Company also paid finder’s fees of \$25,350 and issued 126,750 finder’s shares; and
- i) On June 13, 2022, the Company entered into an option agreement to acquire a 100% interest in the North Spirit Lithium Property (the “North Spirit Agreement), covering approximately 2,480 hectares in Ontario.

Under the terms the North Spirit Agreement, the Company has the option to acquire a 100% interest in the property by completing the following option payments, common share issuances and exploration expenditures:

Due Dates	Option payments (\$)	Issuance of First Energy common shares	Minimum exploration Expenditures (\$)	Cumulative exploration expenditure (\$)
On signing (not issued or incurred)	Nil	750,000	50,000	Nil
June 13, 2023	Nil	750,000	200,000	250,000
June 13, 2024	Nil	1,000,000	250,000	500,000
June 13, 2025	Nil	1,500,000	Nil	Nil

The property is subject to a 1.0% NSR royalty from any future production.



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**FIRST ENERGY METALS LTD.****STOCK OPTION PLAN****1. PURPOSE OF THE PLAN**

The Company hereby establishes a stock option plan for directors, senior officers, Employees, Management Company Employees and Consultants (as such terms are defined below) of the Company and its subsidiaries (collectively “**Eligible Persons**”), to be known as the “2020 Stock Option Plan” (the “**Plan**”).

The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten (10) years as determined by the board of directors of the Company, to buy shares of the Company at a price not less than the Market Price prevailing on the date the option is granted less the applicable discount, if any, permitted by the policies of the Canadian Securities Exchange (“**CSE**”) and approved by the Board.

**2. DEFINITIONS**

In this Plan, the following terms shall have the following meanings:

2.1 “**Associate**” means an “Associate” as defined in the CSE Policies.

2.2 “**Black-Out Period**” means a period of time during which, pursuant to the policies of the Company, trading in Shares or Options is prohibited or restricted.

2.3 “**Board**” means the Board of Directors of the Company as constituted from time to time.

2.4 “**Change of Control**” means the acquisition by any person or by any person and all Joint Actors, whether directly or indirectly, of voting securities (as defined in the Securities Act) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and its Joint Actors, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board.

2.5 “**Company**” means First Energy Metals Ltd. and its successors.

2.6 “**Consultant**” means a “Consultant” as defined in the CSE Policies.

2.7 “**Consultant Company**” means a “Consultant Company” as defined in the CSE Policies.

2.8 “**Disability**” means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

- (a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
- (b) acting as a director or officer of the Company or its subsidiaries.

2.9 “**Discounted Market Price**” means, in respect of Shares on a particular Grant Date, the Market Price less the maximum discount permitted by the Exchange.

- 2.10 “**Disinterested Shareholder Approval**” means approval by a majority of the votes attaching to shares voted at a meeting of shareholders of the Company, excluding the votes attaching to shares held by persons with an interest in the subject matter of the resolution, in accordance with CSE Policies.
- 2.11 “**Eligible Persons**” has the meaning given to that term in section 1 hereof.
- 2.12 “**Employee**” means an “Employee” as defined in the CSE Policies.
- 2.13 “**Entity**” means a “Company” as defined in the CSE Policies.
- 2.14 “**Exchange**” means the Canadian Securities Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.15 “**Exchange Hold Period**” has the meaning assigned to it from time to time in the CSE Policies which, as of the date of this Plan, define it to mean a four-month resale restriction imposed by the Exchange on:
- (i) Listed Shares and securities convertible, exercisable or exchangeable into Listed Shares (including Options) issued by a Company to:
    - (A) directors, officers and Promoters of the Company; or
    - (B) to Persons holding securities carrying more than 10% of the voting rights attached to the Company’s securities both immediately before and after the transaction in which securities are issued, and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of the Company;except in the case of securities whose distribution was qualified by a Prospectus or were issued under a securities exchange take-over bid, rights offering or pursuant to an amalgamation or other statutory procedure;
  - (ii) Listed Shares issued to any Person at a price or deemed price that is at a discount of more than 10% to the applicable Market Price except in the case of securities whose distribution was qualified by a Prospectus or were issued under a securities exchange take-over bid, rights offering or pursuant to an amalgamation or other statutory procedure; and
  - (iii) Options granted by a Company to any Person with an exercise price that is less than the applicable Market Price;
- and capitalized terms used in this definition and not defined in this Option Plan have the meanings assigned to them in the CSE Policies.
- 2.16 “**Expiry Date**” means, in respect of an Option, the date set by the Board under paragraph 3.1 of the Plan as the last date on which such Option may be exercised, as may be extended in accordance with paragraph 4.5 of the Plan.

- 2.17 “**Expiry Time**” means, in respect of an Option, 4:00 p.m. Pacific Time on the Expiry Date of such Option.

- 2.18 **“Grant Date”** means, in respect of an Option, the date on which such Option is granted, as shall be specified in the Option Agreement for such Option.
- 2.19 **“Insider”** means an “Insider” as defined in the CSE Policies.
- 2.20 **“Investor Relations Activities”** means “Investor Relations Activities” as defined in the CSE Policies.
- 2.21 **“Joint Actor”** means a person “acting jointly or in concert” with another person as that phrase is interpreted in Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*.
- 2.22 **“Management Company Employee”** means a “Management Company Employee” as defined in the CSE Policies.
- 2.23 **“Market Price”** means, in respect of Shares on a particular Grant Date, the closing price per Share on the last day on which Shares were traded immediately prior to either: (a) the day on which the Company announces the grant of the Option; or (b) if the grant is not announced, on the Grant Date. If the Shares are not listed on any stock exchange, **“Market Price”** of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- 2.24 **“Option”** means an option to purchase Shares granted pursuant to, or otherwise subject to, this Plan.
- 2.25 **“Option Agreement”** means an agreement, in the form attached hereto as Schedule “A”, whereby the Company grants to an Optionee an Option.
- 2.26 **“Optionee”** means each of the Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.
- 2.27 **“Option Price”** means the exercise price of an Option, being the per Share price at which the Optionee may acquire Option Shares pursuant to the exercise of such Option, such price to be specified in the Option Agreement for such Option, as may adjusted from time to time in accordance with the provisions of section 5.
- 2.28 **“Option Shares”** means the Shares which an Optionee may purchase under an Option.
- 2.29 **“Person”** means a “Person” as defined in the CSE Policies.
- 2.30 **“Plan”** means this 2020 Stock Option Plan.
- 2.31 **“Shares”** means the common shares in the capital of the Company as constituted on the Grant Date, provided that, in the event of any adjustment pursuant to section 5, **“Shares”** shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.32 **“Securities Act”** means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.

- 2.33 **“CSE Policies”** means the policies included in the Canadian Securities Exchange Corporate Finance Manual and **“CSE Policy”** means any one of them.
- 2.34 **“Unissued Option Shares”** means the number of Shares, at a particular time, which has been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.

2.35 “Vested” means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

### 3. GRANT OF OPTIONS

#### 3.1 Option Terms

Pursuant to paragraph 6.3 of the Plan, the Board shall have the authority to issue Options and set the terms of Options in accordance with the terms of the Plan and applicable policies of the Exchange.

The Board may from time to time authorize the issue of Options to Eligible Persons. The Option Price for each Option shall be not less than the Discounted Market Price on the Grant Date.

Options shall be subject to an Exchange Hold Period in circumstances prescribed by CSE Policies, and all Option Agreements relating to Options which are subject to an Exchange Hold Period, and certificates representing Option Shares issued pursuant to the exercise of such Options prior to the expiry of such Exchange Hold Period, shall bear the Exchange Hold Period legend as well as any legends required by applicable laws.

The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten (10) years after the Grant Date, subject to the operation of paragraph 4.5. Options shall not be assignable (or transferable) by the Optionee.

#### 3.2 Previously Granted Options

In the event that on the date this Plan is implemented and effective (the “Effective Date”) there are outstanding stock options (the “Pre-Existing Options”) that were previously granted by the Company pursuant to any stock option plan in place prior to the Effective Date (a “Pre-Existing Plan”), all such Pre-Existing Options shall, effective as of the Effective Date, be governed by and subject to the terms of the Plan.

#### 3.3 Limits on Shares Issuable on Exercise of Options

The maximum number of Option Shares which may be reserved for issuance pursuant to Options granted under this Plan and all of the Company’s other previously established or proposed share compensation arrangements:

(a) shall not, in aggregate, exceed that number which is equal to 10% of the Shares which are issued and outstanding on the relevant Grant Date; and for greater certainty, Shares which were previously subject to Options which have expired or been terminated on the relevant Grant Date shall not be included in such percentage calculation;

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(b) to any Eligible Person within a 12-month period shall not exceed 5% of the Shares which are issued and outstanding on the relevant Grant Date unless the Company has obtained Disinterested Shareholder Approval;

(c) to any one Consultant within a 12-month period shall not exceed 2% of the Shares which are issued and outstanding on the relevant Grant Date;

(d) to Eligible Persons employed by the Company to carry out Investor Relations Activities shall not, in aggregate, exceed 2% of the Shares which are issued and outstanding on the relevant Grant Date;

(e) to Insiders as a group shall not exceed 10% of the Shares which are issued and outstanding on the relevant Grant Date unless the Company has obtained Disinterested Shareholder Approval; and

(f) to Insiders within a 12-month period shall not exceed 10% of the Shares which are issued and outstanding on the relevant Grant Date unless the Company has obtained Disinterested Shareholder Approval;

and Options granted to Consultants retained to carry out Investor Relations Activities must vest in stages over 12 months with no more than 25% of such Options becoming Vested in any three-month period.

### **3.4 Option Agreements**

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee.

In respect of Options granted to Employees, Consultants, Consultant Companies or Management Company Employees, the Company is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary.

The execution of an Option Agreement by the Company shall constitute conclusive evidence that the Options issued thereunder have been awarded in compliance with this Plan.

## **4. EXERCISE OF OPTION**

### **4.1 When Options May be Exercised**

Subject to paragraphs 4.3, 4.4 and 4.5, including, without limitation: (i) any restriction (including vesting requirements) on the number or percentage of Option Shares which may be purchased by the Optionee during any particular time period; (ii) any restriction on the exercise of Options pursuant to the requirements of a Black-Out Period or any regulatory authority having jurisdiction; and (iii) termination of the Option in accordance with the terms of the Plan, the unexercised portion of an Option may be exercised by the Optionee in whole or in part at any time after the Grant Date up to the Expiry Time and shall not be exercisable thereafter.

### **4.2 Manner of Exercise**

The Option shall be exercisable by delivering to the Company written notice specifying the number of Option Shares in respect of which the Option is being exercised together with payment in full of the Option Price for each such Option Share by way of certified cheque, bank draft, money order or cash. Upon receipt of such notice and payment by the Company, there will be a binding contract for the issue of the Option Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Upon an Optionee exercising an Option and paying the Company the aggregate purchase price for the Option Shares in respect of which the Option has been exercised, the Company shall as soon as practicable issue and deliver a certificate representing the Shares so purchased.

### **4.3 Vesting of Option Shares**

The Board, subject to the policies of the Exchange, may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on Option grants set out in paragraph 3.3 hereof, all Options granted under the Plan shall vest and become exercisable in full upon grant, except Options granted to Consultants performing Investor Relations Activities, which Options must vest in stages over twelve months with no more than one-quarter of the Options vesting in any three-month

period. Notwithstanding the foregoing, in the event that a Pre-Existing Plan imposed vesting requirements on a Pre-Existing Option, such vesting requirements must be satisfied before any such Pre- Existing Options shall become Vested.

#### 4.4 Ceasing to be an Eligible Person and Death

##### (a) Death or Disability

If an Optionee (or: (a) in the case of an Optionee that is not an individual, the person that controls such Optionee; or (b) in the case of an Optionee that is a Consultant Company, all of the individuals who provide services to the Company or its subsidiaries on behalf of such Consultant Company) shall die, any Option held by such Optionee at the date of death shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period ending on the earlier of: (a) one year after the date of death of the Optionee; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of death of such Optionee.

If the Optionee ceases to be an Eligible Person, due to his or her Disability or, in the case of an Optionee that is a company, the Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, any Option held by such Optionee at the date of Disability shall be exercisable in whole or in part for a period ending on the earlier of: (a) one year after the date of Disability of the Optionee; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of Disability of such Optionee.

##### (b) Termination For Cause

If the Optionee ceases to be an Eligible Person as a result of “termination for cause” of such Optionee by the Company or its subsidiary (or in the case of an Optionee who is a Management Company Employee or Consultant, by the Optionee’s employer), as that term is interpreted by the courts of the jurisdiction in which the Optionee is employed or engaged, any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

##### (c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company’s retirement policy then in force, or due to his or her voluntary resignation, or to his or her termination by the Company or its subsidiary other than for cause (or, in the case of an Optionee who is a Management Company Employee or a Consultant, the termination of the company providing management or consultant services to the Company or its subsidiary), any outstanding Option then held by such Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of: (i) the Expiry Time; and (ii) the date that is 90 days (or 30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee ceases to be an Eligible Person.

##### (d) Spin-Out Transactions

If pursuant to the operation of sub-paragraph 5.3(c) an Optionee receives options (the “**New Options**”) to purchase securities of another company (the “**New Company**”) in respect of the Optionee’s Options (the “**Subject Options**”), the New Options shall expire on the earlier of: (i) the Expiry Time of the Subject Options; (ii) if the Optionee does not become an Eligible Person in respect of the New Company, the date that the Subject Options expire pursuant to sub-paragraph 4.4(a), (b) or (c), as applicable; (iii) if the Optionee becomes an Eligible Person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company’s stock option plan that correspond to sub-paragraphs 4.4(a),

(b) or (c) hereof; and (iv) the date that is one (1) year after the Optionee ceases to be an Eligible Person in respect of the New Company or such shorter period as determined by the Board.

(e) Interpretation

For purposes of this paragraph 4.4, the dates of death, Disability, termination, retirement, voluntary resignation, ceasing to be an Eligible Person and incapacity shall be interpreted to be without regard to any period of notice (statutory or otherwise) or whether the Optionee or his or her estate continues thereafter to receive any compensatory payments from the Company or is paid salary by the Company in lieu of notice of termination.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this paragraph 4.4 occurred, shall not be or become vested or exercisable in respect of such Unissued Option Shares and shall be cancelled.

#### 4.5 Extension of Expiry Date During Black-Out Period

If the Expiry Date in respect of any Option occurs during or within five (5) trading days following a Black-Out Period imposed by the Company, the Expiry Date of the Option shall be automatically extended to the date that is ten (10) trading days following the end of such Black-Out Period (the “**Extension Period**”); provided that if an additional Black-Out Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Black-Out Period to enable the exercise of such Options within ten (10) trading days following the end of the last imposed Black-Out Period.

#### 4.6 Effect of a Take-Over Bid

If a *bona fide* offer (an “**Offer**”) for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon (subject to the approval of the Exchange) all Option Shares subject to such Option will become Vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of sub-paragraph (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become Vested pursuant to paragraph 4.3 shall be reinstated. If any Option Shares are returned to the Company under this paragraph 4.6, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

#### 4.7 Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Board may, upon notifying each Optionee of full particulars of the Offer, declare

all Option Shares issuable upon the exercise of Options granted under the Plan, Vested, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer, provided that any accelerated vesting of Options granted to Consultants performing Investor Relations Activities shall be subject to the prior written approval of the Exchange. The Board shall give each Optionee as much notice as possible of the acceleration of the Options under this paragraph, except that not less than 5 business days' and not more than 35 days' notice is required.

#### **4.8 Compulsory Acquisition or Going Private Transaction**

If and whenever, following a take-over bid or issuer bid, there shall be a compulsory acquisition of the Shares of the Company pursuant to Division 6 of the *Business Corporations Act* (British Columbia) or any successor or similar legislation, or any amalgamation, merger or arrangement in which securities acquired in a formal take-over bid may be voted under the conditions described in Section 8.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her Options, the aggregate amount of cash, shares, other securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Shares to the take-over bid.

#### **4.9 Effect of a Change of Control**

If a Change of Control occurs, all Option Shares subject to each outstanding Option will become Vested, whereupon such Option may be exercised in whole or in part by the Optionee, subject to the approval of the Exchange, if necessary.

#### **4.10 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement**

If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company (including, in the case of a Management Company Employee or Consultant, termination of the company providing such management or consulting services to the Company or its subsidiary), the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

#### **4.11 Shares Not Acquired**

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

### **5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES**

#### **5.1 Share Reorganization**

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a “**Share Reorganization**”) then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:



- (a) the Option Price will be adjusted to a price per Share which is the product of:
- (i) the Option Price in effect immediately before that effective date or record date; and
  - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in clause (a)(ii).

## 5.2 Special Distribution

Subject to the prior approval of the Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a “**Special Distribution**”), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

## 5.3 Corporate Organization

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in paragraphs 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities;
- (c) an arrangement or other transaction under which, among other things, the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company’s shareholders, or the exchange with the Company’s shareholders, of securities of the Company, or securities of another company, or both; or

- (d) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a “**Corporate Reorganization**”) the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Board.

#### **5.4 Determination of Option Price and Number of Unissued Option Shares**

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Board may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

#### **5.5 Regulatory Approval**

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of paragraphs 5.1, 5.2 or 5.3 is subject to the approval of the Exchange and any other governmental authority having jurisdiction.

### **6. MISCELLANEOUS**

#### **6.1 Right to Employment**

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

#### **6.2 Necessary Approvals**

The Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval. Disinterested Shareholder Approval (as required by the Exchange) will be obtained for any reduction in the exercise price of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchange and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

#### **6.3 Administration of the Plan**

The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in paragraph 5.4, the

interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

#### **6.4 Withholding Taxes**

The Company or any subsidiary of the Company may take such steps as are considered necessary or appropriate for the withholding and/or remittance of any taxes which the Company or any subsidiary of the Company is required by any law or regulation of any governmental authority whatsoever to withhold and/or remit in connection with any Option or Option exercise including, without limiting the generality of the foregoing, the withholding and/or remitting of all or any portion of any payment or the withholding of the issue of Common Shares to be issued upon the exercise of any Option until such time as the Optionee has paid to the Company or any subsidiary of the Company (in addition to the exercise price payable for the exercise of Options) the amount which the Company or subsidiary of the Company reasonably determines is required to be withheld and/or remitted with respect to such taxes.

#### **6.5 Amendments to the Plan**

The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders, the Exchange or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

#### **6.6 Form of Notice**

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

#### **6.7 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

#### **6.8 Compliance with Applicable Law**

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

#### **6.9 No Assignment**

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

#### **6.10 Rights of Optionees**

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

**6.11 Conflict**

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

**6.12 Governing Law**

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

**6.13 Time of Essence**

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

**6.14 Entire Agreement**

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

**Approved by the Board of Directors on May 24, 2011**

**Approved by the Shareholders on June 23, 2011**

**Approved by the Shareholders on December 13, 2012**

**Approved, as amended, by the Board of Directors on August 28, 2013**

**Approved, as amended, by the Shareholders on September 27, 2013**

**Approved, as amended, by the Shareholders on December 8, 2017**

**Approved, as amended, by the Shareholders on December 4, 2020**

**SCHEDULE "A"****FIRST ENERGY METALS LTD.****STOCK OPTION PLAN - OPTION AGREEMENT**

[The following legend is required in respect of Options with an Option Price based on the Discounted Market Price: *Without prior written approval of the Canadian Securities Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the Canadian Securities Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ●, 20● [four months and one day after the date of grant].*]

This Option Agreement is entered into between ● (the “Company”) and the Optionee named below pursuant to the Company’s Stock Option Plan (the “Plan”), a copy of which is attached hereto, and confirms that:

1. on ●, 20● (the “Grant Date”);
2. ● (the “Optionee”);
3. was granted the option (the “Option”) to purchase ● Common Shares (the “Option Shares”) of the Company;
4. for the price (the “Option Price”) of \$● per share;
5. which shall be exercisable immediately commencing on the Grant Date [OR set forth applicable vesting schedule];
6. terminating on the ●, 20● (the “Expiry Date”);

all on the terms and subject to the conditions set out in the Plan. For greater certainty, Option Shares continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

The Optionee acknowledges that any Option Shares received by him upon exercise of the Option have not been registered under the United States *Securities Act of 1933*, as amended, or the Blue Sky laws of any state (collectively, the “Securities Acts”). The Optionee acknowledges and understands that the Company is under no obligation to register, under the Securities Acts, the Option Shares received by him or to assist him in complying with any exemption from such registration if he should at a later date wish to dispose of the Option Shares.

The Optionee acknowledges that the Optionee has had adequate opportunity to obtain advice of independent tax counsel with respect to the tax treatment of the Option.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

#### Acknowledgement – Personal Information

The Optionee hereby acknowledges and consents to:

- (a) the disclosure to the Canadian Securities Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (b) the collection, use and disclosure of such personal information by the Canadian Securities Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ● day of ●, 20●.

#### FIRST ENERGY METALS LTD.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

Per: \_\_\_\_\_  
Authorized Signatory

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**FIRST ENERGY METALS LIMITED****RESTRICTED SHARE UNIT PLAN**EFFECTIVE AS OF DECEMBER 31, 2021

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## RESTRICTED SHARE UNIT PLAN

### ARTICLE 1 PURPOSE AND INTERPRETATION

#### Section 1.1 Purpose

The purpose of the Plan is to promote and advance the interests of the Company by (i) providing Eligible Persons with additional incentive through an opportunity to receive discretionary bonuses in the form of Common Shares of the Company, (ii) encouraging stock ownership by such Eligible Persons, (iii) increasing the proprietary interest of Eligible Persons in the success of the Company, and (iv) increasing the ability to attract, retain and motivate Eligible Persons.

#### Section 1.2 Definitions

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) “Account” means a notional account maintained for each Participant on the books of the Company which will be credited with Restricted Share Units and Dividend RSUs, in accordance with the terms of the Plan;
- (b) “Affiliate” means any person that controls or is controlled by the Company or that is controlled by the same person that controls the Company;

- (c) “Associate” has the meaning ascribed to that term under the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;
- (d) “Affiliated Companies”, “Controlled Companies” and “Subsidiary Companies” have the meanings ascribed to those terms under the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;
- (e) “Black-Out Period” means the period during which designated directors, officers, employees and consultants of the Company and, if applicable, any Subsidiary Company, cannot trade Common Shares pursuant to the Company’s insider trading policy which is in effect at that time (which, for certainty, does not include the period during which a cease trade order is in effect to which the Company, or in respect of a Reporting Insider, that Reporting Insider, is subject);
- (f) “Board” means the board of directors of the Company or such delegate as referred to by the term in Section 3.1(1);
- (g) “Business Day” means any day other than a Saturday, Sunday or a statutory or civic holiday in the City of Vancouver, British Columbia, on which the Stock Exchange is open for trading;

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- (h) “Cause” means (i) if the Participant has a written agreement with the Company or Subsidiary Companies in which cause is defined, cause as defined therein; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Company’s reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;
- (i) “Change of Control Event” means:
  - (i) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with Persons or Entities acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company);



- (ii) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity;
  - (iii) the completion of a sale whereby all or substantially all of the Company's undertakings and assets become the property of any other entity and the voting securityholders of the Company immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale; or
  - (iv) an occurrence when a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.
- (j) "Common Shares" means the common shares in the share capital of the Company;
- (k) "Company" means First Energy Metals Limited;

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- (l) "Consultant" means a corporate entity or an individual, other than an employee, executive officer or director of the Company or of an Affiliate, that:
  - (i) is engaged to provide services to the Company or an Affiliate, other than services provided in relation to a distribution of the Company's securities;
  - (ii) provides the services under a written contract with the Company or an Affiliate; and
  - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate;and includes, for an individual consultant, a Company of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;
- (m) "Dividend RSUs" means a bookkeeping entry credited to a Participant's Account equivalent in value to the dividend, if any, paid on a Common Share in accordance with Section 4.2 of the Plan;
- (n) "Eligible Person" means:
  - (i) any director, officer, employee or Consultant of the Company or any of its Subsidiary Companies; and

- (ii) any Personal Holding Company of any of the persons listed in Section 1.2(m)(i) above; who is designated by the Board as eligible to participate in the Plan;

(o) “Expiry Date” means the expiry date set out by the Board on the date of approval of a grant and as described in the applicable RSU Grant Letter (which for greater certainty may vary between RSUs granted from time to time), following which an RSU is expired and is thereafter incapable of settlement, and is of no value whatsoever, provided however that in no event shall an Expiry Date be a date that is more than three years from the date of grant;

(p) “Market Price” means, with respect to any particular date, the volume weighted average trading price of the Common Shares as reported on the Stock Exchange for the five (5) trading days immediately preceding that date;

(q) “Participant” means an Eligible Person to whom RSUs have been granted and are outstanding;

(r) “Personal Holding Company” means a personal holding Company that is either wholly owned, or controlled by, any director, executive officer, employee or Consultant of the Company or its Affiliates, and the shares of which are held directly or indirectly by any such person or the person’s spouse, minor children and/or minor grandchildren;

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(s) “Person or Entity” means an individual, natural person, Company, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such partnership, limited partnership, syndicate, or group shall be deemed to be a Person or Entity;

(t) “Plan” means this Restricted Share Unit plan of the Company, as amended from time to time;

(u) “Reporting Insider” means a reporting insider as defined under National Instrument 55-104 as may be amended from time to time;

(v) “Restricted Share Unit” or “RSU” means a bookkeeping entry equivalent in value to a Common Share credited to a Participant’s Account and representing the right of a Participant to whom a grant of such restricted share units is made to receive one Common Share (or, pursuant to Section 4.3, an amount of cash equal to the Market Value thereof), pursuant and subject to the terms and conditions set forth in this Plan and in the applicable RSU Grant Letter;

(w) “RSU Award” means the number of RSUs determined by the Board to be awarded to the Participant and credited to a Participant’s Account, as evidenced by a RSU Grant Letter;

(x) “RSU Grant Letter” has the meaning given to that term in Section 3.1(3);

(y) “Securities Act” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.

- (z) “Settlement Date” means the Business Day during the Settlement Period on which a Participant elects to settle an RSU in accordance with Section 4.3;
- (aa) “Settlement Notice” has the meaning set out in Section 4.3;
- (bb) “Settlement Period” means the period starting on the Vesting Date and ending on the Expiry Date;
- (cc) “Shareholder” means a holder of a Common Share in the capital of the Company;
- (dd) “Share Compensation Arrangement” means any stock option, stock option plan, employee stock purchase plan, restricted share unit, or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise including, without limitation, this Plan;

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- (ee) “Stock Exchange” means the Canadian Securities Exchange or if the Common Shares are not listed on the Canadian Securities Exchange, any stock exchange on which the Common Shares are listed or traded, as determined by the Board;
- (ff) “Termination Date” means the date on which a Participant ceases to be an Eligible Person. For greater certainty, in the case of a Participant whose employment or term of office with the Company or any Subsidiary Company terminates in the circumstances set out in Section 4.4(1)(a), Section 4.4(1)(b) or Section 4.4(1)(c), the date that is designated by the Company or any Subsidiary Company, as the last day of the Participant’s employment or term of office with the Company or such Subsidiary Company, provided that in the case of termination of employment or term of office by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not include any period of reasonable notice that the Company or any Subsidiary Company may be required at law to provide to the Participant; and
- (gg) “Vesting Date” means the date on which an RSU is vested for the purposes of the Plan.

### **Section 1.3 Interpretation**

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

### **Section 1.4 Governing Law**

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

## Section 1.5 Severability

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

## ARTICLE 2 SHARE CAPITAL

### Section 2.1 Shares Reserved

- (1) Subject to Section 5.3(1), the securities that may be acquired by Participants pursuant to RSUs granted under this Plan shall consist of authorized but unissued Common Shares.
- (2) The Company shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the requirements of RSUs granted under this Plan.

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- (3) The maximum number of Common Shares made available for issuance pursuant to the Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time, subject to adjustments as provided in the Plan.

- (4) The Plan shall be a “rolling plan” and therefore when RSUs are cancelled (whether or not upon payment with respect to vested RSUs) or terminated, the number of Common Shares in respect of such cancelled or terminated RSUs shall again be available for the purpose of granting RSU Awards pursuant to the Plan.

## ARTICLE 3 ADMINISTRATION

### Section 3.1 General

- (1) This Plan shall be administered by the Board. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board and/or to any member of the Board. Any delegation pursuant to this Section 3.1 shall be documented in a resolution of the Board.

- (2) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the awarding, granting, vesting, settlement and method of settlement of RSUs, all on such terms (which may vary between RSUs granted from time to time) as it shall determine. In addition, the Board shall have the authority to:

- (a) select any directors, officers, employees or Consultants of the Company or Subsidiary Companies of the Company to participate in this Plan; provided that RSUs granted to any

Participant shall be approved by the Shareholders if the rules of the Stock Exchange require such approval;

(b) construe and interpret this Plan and all agreements entered into hereunder;

(c) prescribe, amend, and rescind rules and regulations relating to this Plan; and

(d) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants and on their legal, personal representatives and beneficiaries.

An RSU Award shall be evidenced by a restricted share unit grant letter (“RSU Grant Letter”), a form of (3) which is attached as Schedule A to this Plan, signed on behalf of the Company, subject to amendment by the Board from time to time, and which shall specify:

(a) the number of RSUs subject to the RSU Award to be credited to the Participant’s Account;

(b) the date of grant of the RSU Award;

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(c) the Vesting Date or Vesting Dates applicable to the RSUs subject to the RSU Award;

(d) the Settlement Period and Expiry Date applicable to an RSU subject to the RSU Award;

(e) the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon settlement of the RSU;

(f) the nature of the events, if any, and the duration of the period in which any Participant’s rights in respect of Common Shares acquired upon settlement of an RSU may be forfeited; and

(g) such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine.

(4) No member of the Board (or person acting under delegated authority, nor the Company, will be liable for any action or determination taken or made in the administration, interpretation, construction, or application of this Plan, any RSU Grant Letter or any RSU issued pursuant to this Plan, or otherwise in any way in respect of any Participant’s participation in this Plan or the holding or settlement of RSUs.

### **Section 3.2 Compliance with Legislation**

The Plan, the terms of the issue or grant and the settlement of RSUs hereunder and the Company’s obligation to sell and deliver Common Shares upon settlement of RSUs shall be subject to all applicable (1) federal, provincial, and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obliged by any provision of the Plan

or the grant of any RSU hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals.

- (2) No RSU shall be granted and no Common Shares issued or sold thereunder where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any RSU or issue or sale of Common Shares hereunder in violation of this provision shall be void.

- (3) The Company shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Common Shares issued and sold to Participants pursuant to the settlement of RSUs may be subject to restrictions or limitations on sale or resale under applicable securities laws.

- (4) If Common Shares cannot be issued to a Participant upon the settlement of an RSU due to legal or regulatory restrictions, the obligation of the Company to issue such Common Shares under the Plan shall terminate, at no cost to the Company nor obligation to otherwise compensate a Participant in any way.

### Section 3.3 Miscellaneous

- (1) Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required approval.

- (2) Nothing contained in the Plan nor in any RSU granted hereunder shall be deemed to give any Participant any interest or title in or to any Common Shares of the Company or any rights as a Shareholder or any other legal or equitable right against the Company whatsoever other than as set forth in the Plan and pursuant to the settlement of any RSU.

- (3) The Plan does not give any Participant or any employee of the Company or any of its Affiliated Companies, Subsidiary Companies or Controlled Companies the right or obligation to continue to serve as a Consultant, director, officer or employee, as the case may be, of the Company or any of its Affiliated Companies, Subsidiary Companies or Controlled Companies. The awarding of RSUs to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Company or any of its Subsidiary Companies other than as specifically provided for in the Plan.

- (4) The existence of any RSUs shall not affect in any way the right or power of the Company or its Shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

- No fractional Common Shares shall be issued upon the settlement of RSUs granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the settlement (5) of an RSU, or from an adjustment pursuant to Section 5.3(1) such Participant shall only have the right to receive the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

## ARTICLE 4 RESTRICTED SHARE UNITS

### Section 4.1 Granting of RSUs

- Where the Board determines to grant an RSU Award to an Eligible Person and sets the terms and (1) conditions applicable to such RSU Award, the Company shall deliver to the Eligible Person a RSU Grant Letter, containing the terms and conditions applicable to such RSU Award.
- (2) On the grant of an RSU Award, the Company will credit the Participant's Account with the number of RSUs granted to such Participant under the terms of the RSU Award.

- The grant of an RSU Award shall entitle the Participant to the conditional right to receive for each RSU credited to the Participant's Account, at the election of the Company, either one Common Share (3) or an amount in cash, net of applicable taxes and contributions to government sponsored plans, as determined by the Board, equal to the Market Price of one Common Share for each RSU credited to the Participant's Account on the Settlement Date, subject to the conditions set out in the RSU Grant Letter and in the Plan, and subject to all other terms of this Plan.

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- (4) An Eligible Person may receive an RSU Award on more than one occasion under the Plan and may receive separate RSU Awards on any one occasion.

- RSUs granted under this Plan to an Eligible Person in a calendar year will (subject to any applicable (5) terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or an Affiliate, as the case may be, in the fiscal year ending in, coincident with or before such calendar year, subject to any other determination by the Company.

- (6) Notwithstanding any other provision of the RSU Plan:

- (a) the aggregate number of Shares reserved for issuance pursuant to RSUs granted under the RSU Plan and other Security Based Compensation Arrangements (as defined in the RSU Plan) cannot exceed 10% of the issued and outstanding Shares as at the date of grant (on a non-diluted basis);

- (b) the aggregate number of Shares reserved for issuance pursuant to RSUs granted to any one individual in any 12 month period shall not exceed 1% of the issued and outstanding Shares, unless disinterested shareholder approval is obtained;
  - (c) the aggregate number of Shares reserved for issuance pursuant to RSUs granted to Insiders (as defined in the policies of the Exchange) shall not exceed 2% of the issued and outstanding Shares, unless disinterested shareholder approval is obtained; and
  - (d) all RSUs granted pursuant to the RSU Plan are subject to the policies of the Exchange.
- (7)

#### **Section 4.2 Dividends**

- Unless the Board determines otherwise, additional RSUs (“Dividend RSUs”) will be credited to a Participant’s Account where the Company declares and pays a dividend on Common Shares. The number of Dividend RSUs credited to a Participant’s Account in connection with the payment of
- (1) dividends on Common Shares will be based on the actual amount of cash dividends that would have been paid to such Participant had he been holding such number of Shares equal to the number of RSUs credited to the Participant’s Account on the date on which cash dividends are paid on the Shares and the Market Price of the Common Shares on the payment date.
  - (2) Dividend RSUs credited to a Participant’s Account shall vest and be settled in the same manner and on the same date as the RSUs to which they relate.

#### **Section 4.3 Settlement of Restricted Share Units**

- Subject to the provisions of the Plan and in particular Section 4.4 and Section 5.2 and any vesting limitations imposed by the Board in its sole unfettered discretion at the time of grant, RSUs subject to an RSU Award may be settled by a Participant during the Settlement Period applicable to the RSU by delivery to the Company of a notice (the “Settlement Notice”) in a form attached to the RSU Grant Letter. As soon as practicable following the receipt of the Settlement Notice, RSUs will be settled by
- (1) the Company through the delivery by the Company of such number of Common Shares equal to the number of RSUs then being settled or, at a Company’s election, an amount in cash, net of applicable taxes, equal to the Market Price at the Settlement Date of one Common Share for each RSU then being settled. Where, prior to the Expiry Date, a Participant fails to elect to settle an RSU, the Participant shall be deemed to have elected to settle such RSUs on the day immediately preceding the Expiry Date.

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- (2) Notwithstanding the foregoing, if the Company elects to issue Common Shares in settlement of RSUs:
  - (a) the Company may arrange for such number of the Common Shares to be sold as it deems necessary or advisable to raise an amount at least equal to its determination of such applicable taxes, with such amount bring withheld by the Company; or



(b) the Company may elect to settle for cash such number of RSUs as it deems necessary or advisable to raise funds sufficient to cover such withholding taxes with such amount being withheld by the Company; or

(c) the Company may, as a condition of settlement in the form of Common Shares, require the Participant to pay the applicable taxes as determined by the Company or make such other arrangement acceptable to the Company in its discretion (if at all) as it deems necessary or advisable.

(3) Subject to the terms of the Plan, as soon as practicable after receipt of any of the amount, undertaking or election listed in Section 4.3(2), the Company will forthwith cause the transfer agent and registrar of the Common Shares to deliver to the Participant a certificate or certificates in the name of the Participant or a statement of account, at the discretion of the Company, representing in the aggregate Common Shares issued to the Participant.

(4) Notwithstanding any other provision of the Plan:

(a) no RSU shall be capable of settlement after the Expiry Date; provided, however, that if the Expiry Date in respect of an RSU falls on, or within nine (9) Business Days immediately following, a date upon which such Participant is prohibited from exercising such RSU due to a Black-Out Period or other trading restriction imposed by the Company, then the Expiry Date of such RSU shall be automatically extended to the tenth (10th) Business Day following the date the relevant Black-Out Period or other trading restriction imposed by the Company is lifted, terminated or removed. The foregoing extension applies to all RSUs regardless of the date of grant and shall not be considered an extension of the term thereof as otherwise referred to in the Plan;

(b) the Settlement Period shall be automatically reduced in accordance with Section 4.4 upon the occurrence of any of the events referred to therein; and

(c) no RSU in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be settled until such time as such RSU has been so approved.

#### **Section 4.4 Termination of Service**

(1) Except as otherwise determined by the Board:

(a) all RSUs held by the Participant (whether vested or unvested) shall terminate automatically upon the termination of the Participant's service with the Company or any Subsidiary Companies for any reason other than as set forth in paragraph (b) and (c) below;

(b) in the case of a termination of the Participant's service by reason of (A) termination by the Company or any Subsidiary Companies other than for Cause, or (B) the Participant's death, the Participant's unvested RSUs shall vest automatically as of such date, and on the earlier of

the original Expiry Date and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant (or his or her executor or administrator, or the person or persons to whom the Participant's RSUs are transferred by will or the applicable laws of descent and distribution) will be eligible to request that the Company settle his vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;

- (c) in the case of a termination of the Participant's services by reason of voluntary resignation, only the Participant's unvested RSUs shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant will be eligible to request that the Company settle his vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;

- (d) for greater certainty, where a Participant's employment or term of office terminates by reason of termination by the Company or any Subsidiary Companies for Cause then any RSUs held by the Participant, whether or not vested at the Termination Date, immediately terminate and are cancelled on the Termination Date or at a time as may be determined by the Board, in its sole discretion;

- (e) a Participant's eligibility to receive further grants of RSUs under this Plan ceases as of the earliest of the date the Participant resigns from the Company or any Subsidiary Company and the date that the Company or any Subsidiary Company provides the Participant with written notification that the Participant's employment or term of office, as the case may be, is terminated, notwithstanding that such date may be prior to the Termination Date; and

- (f) for the purposes of the Plan, a Participant shall not be deemed to have terminated service where: (i) the Participant remains in employment or office within or among the Company or any Subsidiary Company or (ii) the Participant is on a leave of absence approved by the Board.

#### **Section 4.5 Non-transferability of RSUs**

RSUs shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.

#### **Section 4.6 Hold Period**

Pursuant to Stock Exchange Policies, where a hold period is applicable, the RSU Grant Letter will include a legend stipulating that the RSU Award is subject to a four-month hold period commencing from the date of grant of the RSU Award.

## **ARTICLE 5 TERMINATION, AMENDMENTS AND ADJUSTMENTS**

### **Section 5.1 Amendment and Termination**

- (1) The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable law, and subject to any required regulatory approval.
- (2) No such amendment, suspension or termination shall alter or impair any RSUs or any rights pursuant thereto granted previously to any Participant without the consent of such Participant.

- If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules
- (3) and regulations adopted by the Board and in force at the time of the Plan termination shall continue in effect during such time as an RSU or any rights pursuant thereto remain outstanding.

- With the consent of the affected Participant, the Board may amend or modify any outstanding RSU in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which the RSU becomes exercisable, subject to the prior approval of the Stock Exchange where necessary.
- (4)

### **Section 5.2 Change of Control**

- Notwithstanding any other provision of this Plan, in the event of an actual or potential Change of Control Event, the Board may, in its discretion, without the necessity or requirement for the agreement or consent of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any RSU; (ii) permit the conditional settlement of any RSU, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the RSU, including for greater certainty permitting
- (1) Participants to settle any RSU, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; and (iv) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the RSUs not settled prior to the successful completion of such Change of Control Event, including, without limitation, for no payment or other compensation.

The determination of the Board in respect of any such Change of Control Event shall for the purposes of this Plan be final, conclusive and binding.

### **Section 5.3 Adjustments**

If there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the Stock Exchange where necessary, appropriate substitution or adjustment in

(1) (a) the number or kind of Common Shares or other securities reserved for issuance pursuant to the Plan, and

(b) the number and kind of Common Shares or other securities subject to unsettled and outstanding RSUs granted pursuant to the Plan; provided, however, that no substitution or adjustment shall obligate the Company to issue fractional RSUs or Common Shares.

If the Company is reorganized, amalgamated with another Company or consolidated, the Board shall (2) make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

## **ARTICLE 6 GENERAL**

### **Section 6.1 Effective Date**

The Plan shall be effective upon the approval of the Plan by the Board.

### **Section 6.2 Notice**

Any Notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by facsimile transmission addressed, if to the Company, to the operations office of the Company in Vancouver, British Columbia, Attention: Corporate Secretary; or if to a Participant, to such Participant at his address as it appears on the books of the Company or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

### **Section 6.3 Tax Withholdings**

The Company shall be entitled to withhold such number of Common Shares or amount of cash payable to a Participant, either under this Plan or otherwise, or make such other arrangement as are contemplated under Section 4.3(2), as it may deem necessary or advisable so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding or remittance of tax or other relevant amounts. It is the responsibility of the Participant to complete and file any tax returns which may be required within the periods specified under applicable laws as a result of the Participant's participation in the Plan. The Company shall not be responsible for any tax consequences to a Participant as a result of the Participant's participation in the Plan.

### **Section 6.4 Rights of Participants**

No person entitled to settle any RSU granted under this Plan shall have any of the rights or privileges of a Shareholder in respect of any Common Shares issuable upon settlement of such RSU until such Common Shares have been issued to such person.

### Section 6.5 Right to Issue Other Shares

The Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

### Section 6.6 Successors and Assigns

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the legal representatives of such Participant or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

### Section 6.7 Funding of the Plan

The Plan shall be unfunded. No funds will be set aside to guarantee the payment of RSUs, which will remain an unfunded liability recorded on the books of the Company.

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## SCHEDULE A RESTRICTED SHARE UNIT GRANT AGREEMENT

TO: *[Name of Participant]*

**First Energy Metals Limited** (the “**Company**”) hereby confirms a grant of restricted share units (“**RSU Units**”) to ● (the “**Participant**”) (as defined in the Company’s Restricted Share Unit Plan (the “**RSU Plan**”) described in the table below pursuant to the Company’s RSU Plan.

This grant is made pursuant to the terms and conditions of the Company’s RSU Plan, as amended from time to time, and is incorporated herein by reference and made a part of this letter agreement. Each RSU Unit granted to the Participant named herein represents the right of the Participant to receive one Common Share in the share capital of the Company on the date(s) or pursuant to the terms specified below. Capitalized terms not otherwise defined herein shall have the same meanings as in the RSU Plan.

<b>No. of RSU Units</b>	<b>Grant Date</b>	<b>Vesting</b>	<b>Expiry Date</b>

*[include any specific/additional vesting period or other conditions]*

**The Company and the undersigned Participant hereby confirms that the undersigned Participant is a bona fide Director, Officer, Consultant, or Employee as the case may be.**

**DATED \_\_\_\_\_, 20\_\_\_\_.**  
**FIRST ENERGY METALS LIMITED**

Per:

Authorized Signatory \_\_\_\_\_

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The undersigned hereby accepts such grant, acknowledges being a Participant under the RSU Plan, agrees to be bound by the provisions thereof and agrees that the RSU Plan will be effective as an agreement between the Company and the undersigned with respect to the RSU Units granted or otherwise issued to him/her/it.

**DATED \_\_\_\_\_, 20\_\_\_\_.**

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Name of Participant (*print*)

**OR**

*[NAME OF COMPANY PARTICIPANT]*

Per:

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Name of Authorized Signatory

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**SCHEDULE B**  
**RESTRICTED SHARE UNIT - SETTLEMENT NOTICE**

I, \_\_\_\_\_, in respect of the grant of Unit Award made to me on \_\_\_\_\_, which Unit Awards have now vested to RSUs as of the Vesting Date set forth below, hereby elect to settle \_\_\_\_\_ Restricted Share Units and to receive (check one):

**Date:** \_\_\_\_\_

If the Company elects to pay out any of the settled RSUs in cash, I acknowledge that the Company will deduct applicable withholding taxes. If any of the settled RSUs are paid out in Shares, I (check one):

- i.  enclose cash, a certified cheque, bank draft or money order payable to the Company in the amount of \$ \_\_\_\_\_ as full payment for the applicable withholding taxes; or
- ii.  undertake to direct that such number of Shares are to be sold, and the proceeds of such Shares delivered to the Company, as is necessary to put the Company in funds equal to the amount that would have otherwise been required in (i) above.

**Date:** \_\_\_\_\_

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Name of Participant (*print*)

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gurminder Sangha, certify that:

1. I have reviewed this Annual Report on Form 20-F of First Energy Metals Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such disclosure controls and procedures to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

July 29, 2022

/s/ Gurminder Sangha

Gurminder Sangha

Chief Executive Officer

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**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jurgen Wolf, certify that:

1. I have reviewed this Annual Report on Form 20-F of First Energy Metals Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d-15e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such disclosure controls and procedures to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

July 29, 2022

*/s/ Jurgen Wolf*

Jurgen Wolf

Chief Financial Officer

**Certification of Chief Executive Officer  
Pursuant to  
18 U.S.C. Section 1350,  
As Enacted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

First Energy Metals Limited (the “Company”) is filing with the U.S. Securities and Exchange Commission on the date hereof, its annual report on Form 20-F for the fiscal year ended March 31, 2022 (the “Report”).

I, Gurminder Sangha, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and  
(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gurminder Sangha

Gurminder Sangha

Chief Executive Officer

July 29, 2022

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**Certification of Chief Financial Officer  
Pursuant to  
18 U.S.C. Section 1350,  
As Enacted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

First Energy Metals Limited (the “Company”) is filing with the U.S. Securities and Exchange Commission on the date hereof, its annual report on Form 20-F for the fiscal year ended March 31, 2022 (the “Report”).

I, Jurgen Wolf, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and  
(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Jurgen Wolf*

Jurgen Wolf

Chief Financial Officer

July 29, 2022

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