



MEDALLION RESOURCES LTD.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)**

September 30, 2021

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(DEFICIT)**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Notice of No Auditor Review of Interim Financial Statements

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

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by, and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of the financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of financial statements by an entity's auditor.

MEDALLION RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	September 30, 2021	March 31, 2021
		(Unaudited)	(Audited)
ASSETS			
Current			
Cash		\$ 1,368,085	\$ 2,081,232
Other receivables		6,554	2,654
Prepaid expenses	5	60,651	51,538
		1,435,290	2,135,424
Non-current			
Property and equipment	6	152,146	-
Technology license	4	300,000	-
		452,146	-
		\$ 1,887,436	\$ 2,135,424
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 108,657	\$ 73,353
Due to related parties	7	14,943	5,681
		123,600	79,034
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	8	23,556,504	23,011,915
Reserves	8	4,702,539	4,683,301
Deficit		(26,495,207)	(25,638,826)
		1,763,836	2,056,390
		\$ 1,887,436	\$ 2,135,424

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 29, 2021.

Approved on behalf of the Board:

/s/ Rod C. McKeen

Rod C. McKeen – Director

/s/ Andrew Morden

Andrew Morden – Director

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

MEDALLION RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021
(Expressed in Canadian dollars; unaudited)

	Note	Three months ended September 30		Six months ended September 30	
		2021	2020	2021	2020
Expenses					
Consulting fees	7	\$ 40,129	\$ 24,494	\$ 58,410	\$ 127,371
Director fees	7	13,500	-	27,000	-
Investor relations		75,853	51,696	120,715	68,021
Management fees	7	76,000	69,224	125,205	124,359
Office and general		4,739	9,036	10,400	13,012
Professional fees	7	27,238	21,396	47,065	29,885
Research costs	4	95,064	31,608	377,754	43,036
Rent	7	-	4,275	-	8,450
Transfer agent and filing fees		6,116	11,674	11,303	15,673
Share-based compensation	7, 8	78,827	375,399	78,827	544,253
		<u>(417,466)</u>	<u>(598,802)</u>	<u>(856,679)</u>	<u>(974,060)</u>
Other items					
Foreign exchange gain (loss)		624	(7,804)	298	(7,804)
		<u>624</u>	<u>(7,804)</u>	<u>298</u>	<u>(7,804)</u>
Net loss and comprehensive loss for the period		<u>\$ (416,842)</u>	<u>\$ (606,606)</u>	<u>\$ (856,381)</u>	<u>\$ (981,864)</u>
Basic and diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding		<u>69,977,046</u>	<u>53,666,775</u>	<u>69,112,511</u>	<u>50,069,505</u>

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

MEDALLION RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian dollars)

	Note	Share capital		Reserves			Total shareholders' equity (Deficit)	
		Number of shares	Amount	Warrants	Contributed surplus	Total		Deficit
Balance as at March 31, 2020 (Audited)		46,353,868	\$ 19,321,993	\$ 1,114,140	\$ 3,130,902	\$ 4,245,042	\$ (23,737,576)	\$ (170,541)
Shares issued on:								
Private placement	7	2,500,000	193,300	56,700	-	56,700	-	250,000
Private placement		10,666,667	1,162,800	437,200	-	437,200	-	1,600,000
Warrants exercised		3,318,630	908,010	(192,986)	-	(192,986)	-	715,024
Stock options exercised		212,070	47,471	-	(21,713)	(21,713)	-	25,758
Finders' warrants		-	-	68,200	-	68,200	-	68,200
Share issuance costs		-	(188,661)	-	-	-	-	(188,661)
Share-based payments	7	-	-	-	544,253	544,253	-	544,253
Expiry of warrants		-	-	(218,090)	218,090	-	-	-
Net loss and comprehensive loss		-	-	-	-	-	(981,864)	(981,864)
Balance as at September 30, 2020 (Unaudited)		63,051,235	21,444,913	1,265,164	3,871,532	5,136,696	(24,719,440)	1,862,169
Shares issued on:								
Warrants exercised		4,375,272	1,426,289	(573,428)	-	(573,428)	-	852,861
Stock options exercised		515,430	136,963	-	(51,236)	(51,236)	-	85,727
Commitment to issue shares		-	3,750	-	-	-	-	3,750
Share-based payments	7	-	-	-	171,269	171,269	-	171,269
Expiry of warrants		-	-	(200,740)	200,740	-	-	-
Net loss and comprehensive loss		-	-	-	-	-	(919,386)	(919,386)
Balance as at March 31, 2021 (Audited)		67,941,937	23,011,915	490,996	4,192,305	4,683,301	(25,638,826)	2,056,390
Shares issued on:								
License acquisition	4	1,000,000	300,000	-	-	-	-	300,000
Warrants exercised		1,227,500	243,214	(58,214)	-	(58,214)	-	185,000
Stock options exercised		25,000	5,125	-	(1,375)	(1,375)	-	3,750
Commitment to issue shares		-	(3,750)	-	-	-	-	(3,750)
Share-based payments		-	-	-	78,827	78,827	-	78,827
Expiry of warrants		-	-	(29,282)	29,282	-	-	-
Net loss and comprehensive loss		-	-	-	-	-	(856,381)	(856,381)
Balance as at September 30, 2021 (Unaudited)		70,194,437	\$ 23,556,504	\$ 403,500	\$ 4,299,039	\$ 4,702,539	\$ (26,495,207)	\$ 1,763,836

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

MEDALLION RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021
(Expressed in Canadian dollars; unaudited)

		For the six months ended September 30	
	Note	2021	2020
Cash provided by (used for):			
Operating activities			
Net loss		\$ (856,381)	\$ (981,864)
Items not involving cash:			
Share-based compensation		78,827	544,253
Changes in non-cash working capital items:			
Other receivables		(3,900)	1,246
Prepaid expenses		(9,113)	(124,049)
Accounts payable and accrued liabilities		(40,769)	(46,253)
Due to related parties		9,262	(39,941)
Cash used in operating activities		(822,074)	(646,608)
Financing activities			
Purchase of equipment		(76,073)	-
Cash used in investing activities		(76,073)	-
Financing activities			
Issuance of share capital		-	1,850,000
Warrants exercised		185,000	715,024
Stock options exercised		-	25,758
Share issuance costs		-	(69,886)
Cash provided by financing activities		185,000	2,520,896
Net increase (decrease) in cash		(713,147)	1,874,288
Cash - beginning of the period		2,081,232	138,104
Cash - end of the period		\$ 1,368,085	\$ 2,012,392
Supplemental cash flow information:			
Interest paid		\$ -	\$ 6,750
Non-cash investing and financing activities:			
Expiry of warrants		\$ 29,282	\$ -
Fair value reversal on exercise of stock options		1,375	-
Fair value reversal on exercise of warrants		58,214	-
Issuance of finders' warrants		-	68,200
Share issuance costs included in accounts payable		-	50,575
Shares issued to acquire technology license	4	300,000	-
Purchase of equipment included in accounts payable		76,073	-

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

NOTE 1 – CORPORATE INFORMATION AND NATURE OF OPERATIONS

Medallion Resources Ltd. (the “Company”) was incorporated on December 8, 1989, under the Business Corporations Act (British Columbia).

The Company is increasingly and primarily focused on a rare earth element business strategy involving the mineral monazite, which is available as a by-product mineral from large heavy-mineral-sands mining operations, and it is seeking monazite processing partnerships by which to process and produce rare earth elements from monazite. The Company is testing a variety of samples, which have been submitted by heavy-mineral-sands producers, to locate suitable quantities and qualities of monazite feedstock. This testing could lead to monazite purchase agreements to potentially provide feedstock for a planned rare earth element processing plant or commercial processing partnership. Furthermore, the Company is investing in the development of a chromatography based REE separation technology developed by Purdue University (Note 4). Since no monazite purchase contracts or definitive processing plant financing and development agreements are in place at this time, all expenses associated with this strategy are being written off in the Company’s condensed consolidated interim statements of comprehensive loss.

The Company’s registered office is Suite 410 – 325 Howe Street, Vancouver, British Columbia, V6C 1Z7.

NOTE 2 – BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company’s, and its subsidiary’s functional currency.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates and assumptions include those related to the valuation allowance on deferred income taxes and share-based compensation valuations. Actual results could differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Principles of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned inactive subsidiary Medallion Resources (USA) Inc. All intercompany transactions and balances have been eliminated on consolidation.

NOTE 2 – BASIS OF PREPARATION (cont'd)

Continuance of Operations

These condensed consolidated interim financial statements are prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future and do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company has not generated revenue from operations. The Company incurred a net loss of \$856,381 for the six months ended September 30, 2021 and as of that date the Company's accumulated deficit was \$26,495,207. The Company does not generate any cashflow from operations to fund its future activities and has relied principally upon the issuance of securities to fund its operating and administrative expenditures. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Starting in March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended March 31, 2021. These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended March 31, 2021. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six-month period ended September 30, 2021 are not necessarily indicative of the results that may be expected for the current fiscal year ending March 31, 2022.

NOTE 4 – RESEARCH COSTS & EXPENDITURES

Details of research costs in connection with the Company's efforts to finance, develop and construct monazite processing facilities and/or enter into commercial partnerships follow. These costs support the Company's current strategy of focusing on the purchase of the mineral monazite and the search for monazite processing partnerships by which to process and produce rare-earth elements products:

	Three months ended		Six months ended	
	September 30,		September 30	
	2021	2020	2021	2020
Consulting	\$ 33,287	\$ 31,608	\$ 132,586	\$ 41,833
Legal and other	2,225	-	4,042	-
Process testing	52,474	-	52,488	1,203
LAD Chromatography	7,078	-	188,638	
	\$ 95,064	\$ 31,608	\$ 377,754	\$ 43,036

NOTE 4 – RESEARCH COSTS & EXPENDITURES (cont'd)

On February 18, 2021, the Company announced the expenditure for the acquisition of a license for exclusive rights to Purdue University-developed rare earth element (REE) separation and purification technologies, from Hasler Ventures LLC. The Company will further develop and commercialize this process technology which is complementary to the Company's business focus. In consideration for the license transfer agreement, the Company issued 1,000,000 fully paid shares to a nominee of Hasler Ventures LLC at a fair value of \$300,000.

Research Commitment: As part of the exclusive patent license for its fields of use, the Company has committed to a three-year US\$150,000 per annum (\$450,000 in aggregate) sponsored LAD Chromatography research program with Purdue University to further advance the technologies, and achieve various technical milestones including operation of a demonstration plant. On commercial operation, royalty fees or sub-license fees will be payable at standard industry rates.

In support of the research program, the Company has purchased specialized equipment to be used by Purdue University for \$152,146 (see Note 6).

NOTE 5 – PREPAID EXPENSES

Prepaid expenses consist of:

	September 30, 2021	March 31, 2021
Insurance	\$ 3,833	\$ 9,583
Investor relations	20,833	20,834
Consulting and other	35,985	21,121
	<u>\$ 60,651</u>	<u>\$ 51,538</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Cost	
Balance, March 31, 2021	\$ -
Research equipment (see Note 4)	152,146
<u>Balance, September 30, 2021</u>	<u>\$ 152,146</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these consolidated financial statements are as follows:

- a) During the six months ended September 30, 2021, \$52,000 (2020 - \$64,000) was charged by a private company controlled by a former director of the Company for management and consulting fees. At September 30, 2021, \$Nil (March 31, 2021 - \$378) was owed to this company on account of management and consulting fees.
- b) Effective October 1, 2018 the Company began accruing interest owed to a private company controlled by a former director of the Company on account of management and consulting fees owed at an interest rate of prime plus 3.00%. During the six months ended September 30, 2021, \$Nil (2020 - \$6,204) was paid to this company on account of interest. At September 30, 2021, \$Nil (March 31, 2021 - \$Nil) was owed to this company on account of interest.
- c) During the six months ended September 30, 2021, the Company incurred \$Nil (2020 – \$8,450) in rent in connection with an office sub-lease the Company entered into with a company owned by a former director of the Company. At September 30, 2021, \$Nil (March 31, 2021 - \$Nil) was owed to this company.
- d) During the six months ended September 30, 2021, the Company incurred \$Nil (2020 - \$11,900) of consulting fees to a company owned by the former Chief Financial Officer of the Company. At September 30, 2021, a total of \$Nil (March 31, 2021 – \$Nil) was owed to this company.

NOTE 7 – RELATED PARTY TRANSACTIONS (cont'd)

- e) During the six months ended September 30, 2021, the Company incurred \$30,000 (2020 - \$10,000) of accounting and consulting fees to a company of which the Company's CFO is a shareholder. At September 30, 2021, a total of \$5,550 (March 31, 2021 – \$5,303) was owed to this company.
- f) As at September 30, 2021, a principal amount of \$Nil (March 31, 2021 – \$Nil) was outstanding on the promissory note, payable to a company owned by a former director of the Company, bearing interest at a rate of prime plus 3.00%. During the six months ended September 30, 2021, the Company paid the interest totaling \$Nil (2020 - \$546).
- g) During the six months ended September 30, 2021, \$72,000 (2020 - \$57,161) was charged by a private company controlled by the Chief Executive Officer of the Company for management and consulting fees. At September 30, 2021, \$Nil (March 31, 2021 - \$Nil) was owed to this company on account of management and consulting fees.
- h) During the six months ended September 30, 2021, \$16,702 (2020 - \$Nil) was charged by a private company controlled by a director of the Company for marketing and consulting fees. At September 30, 2021, \$Nil (March 31, 2021 - \$Nil) was owed to this company on account of marketing and consulting fees.
- i) During the six months ended September 30, 2021, \$14,130 (2020 - \$Nil) was charged by a private company controlled by a director of the Company for consulting fees. At September 30, 2021, \$9,393 (March 31, 2021 - \$Nil) was owed to this company on account of consulting fees.
- j) During the six months ended September 30, 2021, \$27,000 (2020 - \$Nil) was paid to independent directors for director fees.
- k) On August 18, 2021, the Company granted 500,000 stock options to new directors of the Company that can be exercised at a price of \$0.17 per share. The options are exercisable for 5 years and vested immediately.

NOTE 8 – SHARE CAPITAL

Authorized share capital

Authorized share capital consists of an unlimited number of common shares without par value.

Fiscal 2022

- a) On June 22, 2021, the Company issued 1,000,000 common shares at a price of \$0.30 per share to a nominee of Hasler Ventures LLC in connection with the acquisition of a license for exclusive rights to Purdue University-developed REE separation and purification technologies (Note 4).

Fiscal 2021

- b) On June 26, 2020, the Company completed a non-brokered private placement issuing 2,500,000 units at a price of \$0.10 per Unit for gross proceeds of \$250,000. Each Unit consisted of one common share and one-half transferable common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at an exercise price of \$0.15 for two years from the date of issuance. The warrants were ascribed a value of \$56,700 under the Black-Scholes valuation model with the residual of \$193,300 being allocated to share capital. In accordance with the Company's accounting policy in regard to unit bifurcation, the Company calculated the relative fair value of the unit warrants with the use of the Black-Scholes option pricing model with the following assumptions: term of 2 years, dividend yield of 0%, expected volatility of 114% and a risk free interest rate of 0.29%.

MEDALLION RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars; unaudited)
For the six months ended September 30, 2021 and 2020

NOTE 8 – SHARE CAPITAL (cont'd)

c) On August 25, 2020, the Company completed a non-brokered private placement consisting of 10,666,667 units at \$0.15 per unit for gross proceeds of \$1,600,000. Each unit consisted of one common share and one-half transferable common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at an exercise price of \$0.20 for 3 years from the date of issuance. The Company paid finders' fees of \$65,620 and granted 437,467 finders' warrants (valued at \$68,200), each finders' warrant exercisable to acquire one common share of the Company at an exercise price of \$0.25 until August 25, 2022. The warrants were ascribed a value of \$437,200 under the Black-Scholes valuation model with the residual of \$1,162,800 being allocated to share capital. In accordance with the Company's accounting policy in regard to unit bifurcation, the Company calculated the relative fair value of the unit warrants with the use of the Black-Scholes option pricing model with the following assumptions: term of 3 years, dividend yield of 0%, expected volatility of 123.49% and a risk free interest rate of 1.53%. In addition, the Company calculated the fair value of the finders' warrants with use of the Black-Scholes option pricing model with the following assumptions: term of 2 years, dividend yield of 0%, expected volatility of 123.72% and a risk free interest rate of 1.38%. The Company also incurred another \$54,841 share issue costs related to this private placement.

Warrants

A summary of the changes in the Company's warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance - March 31, 2020	19,777,032	\$ 0.20
Issued	7,020,800	0.19
Exercised	(7,693,902)	0.20
Expired	(3,379,230)	0.30
Balance - March 31, 2021	15,724,700	\$ 0.18
Issued	-	-
Exercised	(1,227,500)	0.15
Expired	(1,891,542)	0.39
Balance - September 30, 2021	12,605,658	\$ 0.20

As of September 30, 2021, the following warrants were outstanding:

Expiry Date	Number of Warrants Outstanding	Exercise Price
March 26, 2022	2,452,000	0.15
April 9, 2022	177,084	0.15
June 26, 2022	1,250,000	0.15
August 22, 2022	2,455,572	0.165
August 25, 2022	429,467	0.25
October 9, 2022	835,686	0.165
August 25, 2023	5,005,849	0.20
	12,605,658	\$ 0.20

As at September 30, 2021, the weighted average remaining life of the outstanding warrants is 1.20 years (March 31, 2021 – 1.44 years).

MEDALLION RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars; unaudited)
For the six months ended September 30, 2021 and 2020

NOTE 8 – SHARE CAPITAL (cont'd)

Stock Options

The Board of Directors is authorized, pursuant to the Company's Stock Option Plan, to grant options to directors, officers, consultants, or employees to acquire up to 10% of the issued and outstanding common shares at the time of grant. The exercise price for a stock option must not be less than the market price of the Company's common shares at the time the option is granted, less applicable discounts permitted by the TSX Venture Exchange. Stock options granted under this plan are exercisable over a period not exceeding five years.

A summary of the changes in the Company's stock options is presented below:

	Number of Stock Options	Weighted Average Exercise Price
Balance – March 31, 2020	3,536,528	\$ 0.16
Granted	3,436,250	0.23
Exercised	(727,500)	0.15
Expired/cancelled	(620,000)	0.17
Balance – March 31, 2021 – Outstanding and exercisable	5,625,278	\$ 0.21
Granted	500,000	\$0.17
Exercised	(25,000)	0.15
Expired/cancelled	-	-
Balance – September 30, 2021 – Outstanding and exercisable	6,100,278	\$ 0.20

On August 18, 2021, the Company granted 500,000 stock options to new directors of the Company that can be exercised at a price of \$0.17 per share until August 18, 2026. The options are vested and exercisable immediately, resulting in total share-based compensation of \$78,827.

As of September 30, 2021, the following stock options were outstanding:

Expiry Date	Number of Stock Options Outstanding and Exercisable	Exercise Price
December 7, 2021	366,250	\$ 0.20
April 18, 2022	277,778	0.15
March 21, 2023	593,250	0.13
August 30, 2023	100,000	0.125
April 18, 2024	47,500	0.10
July 8, 2024	809,250	0.185
May 25, 2025	1,500,000	0.105
July 22, 2025	412,500	0.195
September 18, 2025	1,000,000	0.33
March 29, 2026	493,750	0.415
August 18, 2026	500,000	0.17
	6,100,278	\$ 0.20

As at September 30, 2021, the weighted average remaining life of the outstanding and exercisable options is 3.17 years (March 31, 2021 – 3.51 years).

NOTE 8 – SHARE CAPITAL (cont'd)

Stock Options (cont'd)

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of options were:

	2021	2020
Risk-free interest rate	1.29%	1.30% - 1.33%
Expected stock price volatility	135%	153% - 163%
Expected option life in years	5 years	5 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

NOTE 9 – FINANCIAL INSTRUMENTS

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

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.

The following table sets forth the levels in the fair value hierarchy in which the Company's financial assets and liabilities are measured and recognized in the consolidated statement of financial position. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance September 30, 2021
Cash	\$ 1,368,085	\$ -	\$ -	\$ 1,368,085

The fair value of the Company's accounts payable and accrued liabilities, due to related parties and promissory note payable approximates their carrying values due to the short-term nature of these instruments. The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, and commodity-price risk.

a) Credit risk

The Company's cash is held in a major Canadian financial institution. The Company does not have any significant exposure to credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

c) Commodity price risk

The ability of the Company to develop its business and the future profitability of the Company are directly related to the market price of several commodities. The Company has not hedged any potential future commodity sales. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

NOTE 9 – FINANCIAL INSTRUMENTS (cont'd)

d) Sensitivity analysis

The Company has, for accounting purposes, designated its cash as FVTPL. Accounts payable and accrued liabilities, amounts due to related parties and promissory notes payable are measured at amortized cost. As at September 30, 2021, the carrying and fair value amounts of the Company's financial instruments are the same.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected significantly by interest rate risk, foreign currency risk and price risk. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk. Commodity price risk could, however, affect the Company. In particular, the Company's future profitability and viability of development depends upon world markets for natural resources. As of September 30, 2021, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken.

NOTE 10 – MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital (Note 8). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may look to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing business development efforts, the Company does not currently pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments issued by a major Canadian chartered bank.

There has been no change in the Company's management of capital risk during the six months ended September 30, 2021.