# GRAPHANO ENERGY LTD.

# INTERIM CONDENSED FINANCIAL STATEMENTS

## THREE MONTHS ENDED OCTOBER 31, 2021

## UNAUDITED

**(Expressed in Canadian dollars)**

**Contents**

**Interim Condensed Financial Statements**

## Notice of Disclosure of Non-auditor Review of the Interim Financial Statements

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

The accompanying unaudited interim condensed financial statements of the Company for the interim period ended October 31, 2021, have been prepared in accordance with international accounting standards for interim financial reporting under IAS 34. The accompanying unaudited interim condensed financial statements are the responsibility of the Company's management.

The Company's independent auditors, Wasserman Ramsay, Chartered Accountants, have **not** performed a review of these interim financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditor.

December 29, 2021

*/s/ "Luisa Moreno"*

Chief Executive Officer

**GRAPHANO ENERGY LIMITED**
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**
**(Unaudited, expressed in Canadian dollars)**

| **As at,** | **Oct 31, 2021** **$** | July 31, 2021 $ |
|---|---|---|
| **ASSETS** | | |
| ***Current assets*** | | |
| Cash & cash equivalents (note 7) | **3,426,974** | 4,096,979 |
| Prepaid expenses | **57,626** | - |
| Sales taxes receivable | **60,051** | - |
| **Total current assets** | **3,544,651** | 4,096,979 |
| | | |
| ***Long-term assets*** | | |
| Fixed assets | **-** | 776,253 |
| **Total assets** | **3,544,651** | 4,873,232 |
| | | |
| **LIABILITIES** | | |
| ***Current liabilities*** | | |
| Loans and advances (note 8) | **-** | 4,096,979 |
| Accounts payable and accrued liabilities (note 9) | **175,281** | 6,189 |
| **Total liabilities** | **175,281** | 4,103,168 |
| | | |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital (note 8)(note 10) | **3,279,758** | 776,254 |
| Reserves | **1,643,474** | - |
| Deficit | **(1,553,862)** | (6,190) |
| **Total shareholders' equity** | **3,369,370** | 770,064 |
| **Total liabilities & shareholders' equity** | **3,544,651** | 4,873,232 |

Going concern (Note 2) and subsequent events (Note 17)
NOTE: “Reserves” represent Warrant Reserves to reflect the apportionment of the Unit Issues into their components of Share Capital and value attributed to Warrants (by Black-Scholes valuation).

The Company’s board of directors approved the interim condensed financial statements on December 29, 2021.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

*Signed “James Richardson”* ________ *Director and CFO*

*Signed “Luisa Moreno”* _______ *Director and CEO*

The accompanying notes form an integral part of the interim condensed financial statements.

# GRAPHANO ENERGY LIMITED
## INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY
### FOR THE THREE MONTHS ENDED OCTOBER 31, 2021
### (Unaudited, expressed in Canadian dollars)

| | SHARE CAPITAL | | RESERVES | DEFICIT | TOTAL |
|---|---|---|---|---|---|
| | # | $ | $ | $ | $ |
| **Balance, as at July 31, 2021** | **15,250,000** | **776,254** | **-** | **(6,190)** | **770,064** |
| Private placements | 81,845,660 | 2,453,505 | 1,643,474 | - | 4,096,979 |
| **Consolidation of shares (6.5:1), Sep 3, 2021** | **14,937,794** | **3,229,759** | **1,643,474** | **(6,190)** | **4,867,043** |
| Issue of shares | 153,846 | 50,000 | - | - | 50,000 |
| Net loss for the period | - | - | - | (1,547,672) | (1,547,672) |
| **Balance, as at Oct 31, 2021** | **15,091,640** | **3,279,759** | **1,643,474** | **(1,553,862)** | **3,369,370** |

NOTE: “Reserves” represent Warrant Reserves to reflect the apportionment of the Unit Issues into their components of Share Capital and value attributed to Warrants (by Black-Scholes valuation).

The accompanying notes form an integral part of the interim condensed financial statements.

**GRAPHANO ENERGY LIMITED**
**INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**FOR THE THREE MONTHS ENDED OCTOBER 31, 2021**
**(Unaudited, expressed in Canadian dollars)**

| For the period ended October 31, | Three months ended 2021 $ |
|---|---|
| **Revenues** | - |
| | |
| **Cash Expenses** | |
| Exploration expenses | 60,766 |
| Other operating expenses | 17,326 |
| Management fees | 279,000 |
| Professional and consulting fees | 156,650 |
| Other expenses | 169,982 |
| Advertising and marketing | 37,670 |
| Foreign exchange loss | 26 |
| | 721,420 |
| **Non-cash Expenses/(income)** | |
| Exploration properties write off (note 11) | 826,253 |
| | 826,253 |
| **Net loss and comprehensive loss** | 1,547,672 |
| Loss per share - basic & diluted | 0.103 |
| Weighted average number of shares outstanding | 15,046,489 |

Note: There is no prior year comparable period to be compared to as the Company was incorporated only in October 2020 and had no operations beyond its formative ones until September 2021.

The accompanying notes form an integral part of the interim condensed financial statements

## GRAPHANO ENERGY LIMITED
## INTERIM CONDENSED STATEMENTS OF CASH FLOWS
### FOR THE THREE MONTHS ENDED OCTOBER 31, 2021
### (Unaudited, expressed in Canadian dollars)

| For the three-months period ended, | Oct 31, 2021<br>$ |
|---|---|
| **Cash used in operating activities** | |
| Net loss for the period | **(1,547,672)** |
| *Adjustments for items not involving cash:* | |
| Exploration properties write off | **826,253** |
| *Changes in non-cash working capital items:* | |
| Receivables and other | **(60,051)** |
| Prepaid expenses | **(57,626)** |
| Loans and advances | **(4,096,979)** |
| Accounts payable and accrued liabilities | **169,092** |
| | **(4,766,984)** |
| **Cash used in investing activities** | |
| Investment in LAB Property | **(50,000)** |
| | **(50,000)** |
| **Cash flows from financing activities** | |
| Proceeds from private placement | **4,096,979** |
| Proceeds from issue of shares | **50,000** |
| | **4,146,979** |
| Increase (decrease) in cash and cash equivalents | **(670,005)** |
| Cash and cash equivalents, beginning of the period | **4,096,979** |
| **Cash and cash equivalents, end of the period** | **3,426,974** |

The accompanying notes form an integral part of the interim condensed financial statements.

## 1. GENERAL INFORMATION

Graphano Energy Ltd (the “Company”, "Graphano" or “GEL”) was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporation Act on October 5, 2020. It is a mining company that is focused on evaluating, acquiring and developing graphite resources with potential—from exploration to production.

The Company’s shares are listed under the symbol GEL on the TSX Venture Exchange and 97G0 on the Frankfurt Exchange. The registered office of the Company is located at 1000 - 595 Burrard Street, Vancouver, British Columbia and the Company maintains a business office at 120 Carlton Street, Suite 219, Toronto, Ontario.

These interim condensed financial statements were approved and authorized for issuance by the Board of Directors of the Company on December 29, 2021.

## 2. GOING CONCERN DISCLOSURE

The business of mining exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims and non-compliance with regulatory requirements.

The ability of the Company to continue as a going concern (as is assumed in the presentation of these statements) is uncertain and is dependent upon its ability to fund its working capital, complete the development of its explorations, and eventually to generate positive cash flows from operations. Management may explore alternatives possible, including joint ventures, debt and equity financings, and merger opportunities.

Several adverse conditions and events cast substantial doubt upon the validity of this assumption. Graphano is not currently generating any revenue from its operations. For the three months ended October 31, 2021, the Company recorded a net comprehensive loss of $1,547,672 and had an accumulated deficit of $1,553,862 but a positive shareholders’ equity of $3,369,370 and cash of $3,426,974. While the “Going concern uncertainty” may still be justified in the longer term, the Company presently is in sound financial condition to maintain its operations for the next 18 months and beyond.

These interim condensed financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

## 3. BASIS OF PRESENTATION

***Statement of compliance***
These interim condensed financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and effective as of October 31, 2021.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the three months ended October 31, 2021, may not be indicative of the results that may be expected for the year ending July 31, 2022. These interim financial statements of the Company have been prepared using historical costs and fair values of certain items. Items measured at fair value include cash held in foreign currencies (if any – presently nil), warrants, and share based payments.

***Investments subject to significant influence***
Investments over which the Company exercises significant influence (presently none) would be accounted for using the equity method. The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost, the carrying value adjusted thereafter to include the investor's pro rata share of post-acquisition earnings of the investee, as computed by the consolidation method. Profit distributions receivable from an investee reduce the carrying value of the investment. There are no investments in this category presently.

***Foreign operations***
Assets and liabilities of foreign operations (presently none) whose functional currency is other than the Canadian dollar would be translated into Canadian dollars using exchange rates in effect at period-end. Revenues and expenses, as well as cash flows, would be translated using the average exchange rates for the period. Translation gains or losses would be recognized in other comprehensive income ("OCI").

***Functional and presentation currency***
These interim condensed financial statements are presented in Canadian dollars, which is the Company's functional currency.

## 4. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES

Readers should refer to the Company's financial statements of July 31, 2021 (audited) on SEDAR embodied within the Company's Listing Application for the accounting policies used in the preparation of these interim condensed financial statements. The IASB continues to amend and add to current IFRS standards and interpretations with several projects underway.

Accordingly, the accounting policies adopted by the Company for the Company's IFRS annual financial statements will be determined as at July 31, 2022. In the event that accounting policies adopted at July 31, 2022, differ materially from the accounting policies used in the preparation of these Financial Statements, these Financial Statements may be restated to retrospectively account for the application of those policies adopted at July 31, 2022, but no such restatement is anticipated.

## 5. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. The estimates and judgments that, in management's opinion, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are disclosed in the annual audited financial statements.

(Unaudited, expressed in Canadian dollars)

See audited financial statements of the Company for the period ended July 31, 2021 (as above) for a list of accounting estimates and judgements considered significant by management.

## 6. FUTURE ACCOUNTING PRONOUNCEMENTS

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after June 31, 2021. There are currently no such pronouncements that are expected to have a significant impact on the Company's financial statements upon adoption.

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

| | Oct 31, 2021 |
|---|---|
| | $ |
| Cash Canadian banks | 2,829,995 |
| Cash held in Solicitors' Trust Account(s) | 596,979 |
| | 3,426,974 |

During the current period the Company has not raised any funds via flow-through financings, but subsequent to the quarter end did. See "Subsequent Events", Note 17.

## 8. LOANS AND ADVANCES

Subscription money received from the initial Subscription Receipts Issues of the prior period was standing as and reported as "Loans and advances" as the conversion of the Subscription Receipts was subject to the satisfaction or waiver of certain customary escrow release conditions including receipt of conditional approval from the TSX Venture Exchange (the "TSXV" or the "Exchange"), which were not satisfied until July 21, 2021. In the month of August 2021, the TSXV issued its conditional approval and in September 2021 its Final Approval. Subscription money standing earlier as Loans and advances is now released to and reported as Share capital with the appropriate apportionment to Warrant Reserve to reflect the Warrant components of the Unit Issues.

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade payables as at October 31, 2021 are $175,281. Accounts payable includes an amount of $129,315 due to related parties (see Note 12).

## 10. SHARE CAPITAL

### A Authorized share capital

An unlimited number of common shares, without par value

(Unaudited, expressed in Canadian dollars)

### B Common Shares Issued

a) On December 22, 2020, Graphano completed the Private Placement for aggregate gross proceeds of $2,721,707, at a price of $0.05 per Subscription Receipt. Each Subscription Receipt entitled the holder thereof to receive, upon conversion and without any further action on the part of such holder or payment of any additional consideration, one unit of Graphano (a "Unit"), with each Unit comprised of one (1) Graphano Share and one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable into one (1) Graphano Share at an exercise price of $0.08 per Graphano Share, for an exercise period of two years. Owing to the subsequent consolidation of the shares on a 1:6.5 basis at the instance of the Exchange, these values are now $0.325 and $0.52 respectively.

   Further to the above, on April 19, 2021, Graphano completed a private placement of subscription receipts on identical terms bringing the aggregate total including the original issue to aggregate gross proceeds of $4,096,979 (the "Private Placement"), at a price of $0.325 per Subscription Receipt post consolidation.

   The fair value of the 81,845,660 pre-consolidation Unit warrants at issue date was $1,643,474, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of $0.05; 158% expected volatility risk free interest rate of 0.31%; and an expected dividend yield of 0%. Volatility is estimated based on the experience of similar companies owing to the Company's very short trading history.

b) On September 1, 2021, the Company issued 76,923 common shares to each of Lawrence Nemeth and Geomap Exploration Inc. at $0.325 per share to repurchase the royalty they previously held on the Lac Aux Bouleaux graphite property.

### C Share purchase warrants

The movement in the number of warrants outstanding and their weighted average exercise prices are as follows:

| | Warrants<br>#| Weighted average exercise price<br>$ |
|---|---|---|
| **Balance - July 31, 2021** | **-** | **-** |
| Re: Private Placement | 12,591,640 | 0.08 |
| **Balance - Oct 31, 2021** | **12,591,640** | **0.08** |

The fair value of the 12,591,640 (81,845,660 pre-consolidation) warrants at issue date was $1,643,474, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of $0.05/$0.325 post consolidation; 158% expected volatility; risk free interest rate of 0.31%; and an expected dividend yield of 0%. The allocation of the total proceeds to share capital and warrant reserve was effected by pro-rating the then current trading value of the shares with the Black-Scholes calculated value of the warrants over the total purchase consideration.

As at October 31, 2021, the outstanding share purchase warrants were as follows:

(Unaudited, expressed in Canadian dollars)

| Exercise price | Number outstanding and exercisable | Weighted average remaining contractual life (years) | Expiry dates |
|---|---|---|---|
| $0.08 | 12,591,640 | 2.0 | Aug 2023 |
| **Balance -Oct 31, 2021** | **12,591,640** | **2.0** | |

## 11. EXPLORATION PROPERTIES

Mineral exploration and evaluation on the properties may be subject to exploration and/or mining restrictions with potential implications on expenses thereof. At the date of this report, management is not aware of any restrictions to its exploration activities. The Company has now opted to write off to expense all of its expenditure on acquisition and exploration of all of its exploration properties. It does separately track such expenditures by property and kind of expenditure. This represents a change in accounting policy since the July 31, 2021, initial year end.

***Lac Aux Bouleaux Property***

GEL acquired its Lac Aux Bouleaux graphite property (the “LAB Graphite Property”) project from its previous parent Manganese X Energy Corp. (“MN”) which entered into an arrangement agreement (the “Arrangement Agreement”) with its wholly-owned subsidiary to effect the dividending out of the LAB Graphite Property project to its shareholders through GEL. The Arrangement resulted in the creation of Graphano as an independent public company, which will initially be focused on the exploration of the LAB Graphite Property for graphite. This will enable MN to concentrate on its Manganese and HVAC interests and provide GEL’s separate management to focus on the LAB Graphite Property and other potential graphite properties. The LAB Graphite Property and project have previously been described in MN’s financial statements and the Listing Application (as above) and its present status and exploration work recently undertaken are described more fully in the Management’s Discussion and Analysis of today’s date accompanying these financial statements.

## 12. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to share issuances to which many of its Insiders were Subscribers, transactions with related parties were as follows:

| **For the three-months period ended Oct 31,** | **2021**<br>**$** |
|---|---|
| Management and other fees paid to companies controlled by Officers and Directors | **279,000** |
| Exploration expenditures paid to an officer as geological consultant to the company | **6,907** |
| | **285,907** |

Amounts payable to related parties included in the non-current liabilities and in the accounts payable and accrued liabilities were as follows:

| **Included in the accounts payable and accrued liabilities** | **Oct 31, 2021**<br>**$** |
|---|---|
| Consulting fees payable to companies controlled by officers and Directors | **123,675** |
| Exploration expenditures due to directors | **5,641** |
| | **129,315** |

## 13. EARNINGS PER SHARE ("EPS")

*(a) Basic EPS*

Basic EPS is computed by dividing net income for a period by the weighted average number of common shares outstanding during that period.

*(b) Diluted EPS*

Diluted EPS is computed by dividing net income for a period by the diluted number of common shares. Diluted common shares includes the effects of instruments, such as share options, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the period ended October 31, 2021; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the statements of comprehensive loss. Diluted loss per share did not include the effect of share purchase options and warrants as they would be anti-dilutive.

## 14. CAPITAL MANAGEMENT

The Company considers its capital to include all components of Shareholders' Equity. The Company currently manages its capital structure and makes adjustments to it, based on cash and other resources expected to be available to the Company, and required by the Company in order to support the planned exploration and development of mineral property interests and meet its obligations as they fall due. Management has not established quantitative targets for its capital structure. Capital needs are reviewed on a regular basis by management.

The Company, beyond its present cash resources, currently is dependent on externally provided equity financing to fund its future activities. In order to carry out planned exploration and development and fund administrative costs, the Company will allocate its existing capital and plans to raise additional amounts as needed through equity and related party advances if available. Management reviews the capital management approach on an ongoing basis and believes that this approach is reasonable for the current state of the markets and its place in its activities.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV, which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 12 months. As of October 31, 2021, the Company believes it is compliant with the policies of the TSXV.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the periods covered in these statements.

## 15. FINANCIAL INSTRUMENTS

At October 31, 2021, the Company's financial instruments include cash and cash equivalents, other receivable, related party receivables and accounts payable for which there are no differences in the carrying values and fair values, due to their short-term nature. The types of risk exposure are detailed below.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

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

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents are measured using Level 1 inputs, the warrant liability and other captions above are measured using Level 2 inputs.

## 16. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow and fair value interest rate risk); credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge these risks.

### *Market risk*

*Foreign exchange risk;* the Company conduct its business primarily in Canada and is therefore exposed to only a nominal amount of financial risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company recorded a foreign exchange loss of $26 related to its foreign currency transactions for the quarter ended October 31, 2021.

*Commodity price risk:* while the value of the Company's core mineral asset is related to the price of graphite (natural and synthetic) and other battery metals (e.g., lithium), the Company currently does not have any operating mines and hence does not have any commodity-based risks in respect of its operational activities. Graphite and other battery metals prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative trading activities, electric vehicles present and projected sales, advances in technology, prices and availability of substitutes, actions taken by governments, global economic and political developments (including, global events such as the COVID-19 pandemic) and certain other factors. Adverse movements in the prices of graphite and other battery metals may also negatively affect the Company's ability to raise capital and meet its financial commitments.

*Cash flow and fair value interest rate risk:* the Company could be exposed to fluctuations in its future cash flows arising from changes in interest rates through variable rate financial assets and liabilities. Other liabilities negotiated at a fixed rate could expose the Company to fair value interest rate risk. The Company does not hold or owe any interest-bearing debt.

### Credit risk

Credit risk arises from cash with banks and financial institutions and amounts receivable. The Company reduces this risk by dealing only with the most creditworthy financial institutions but may be exposed to such risk with respect to other counterparties. 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. The Company is subject to concentrations of credit risk through cash, and receivables but minimizes such risks by dealing with a major Schedule A Canadian Chartered Bank and its solicitor's Trust account and monitoring its modest receivables, most of which are from Canadian Governments in respect of Sales Taxes refundable.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuance. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The liquidity risk for the junior resource sector which the Company is in is usually considered high, but the Company's present cash and cash equivalents resources appear to have effectively eliminated this risk for now.

**COVID-19**

In early 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed and other quarantine periods and social and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and periodic weakness. Governments and central banks have reacted with significant monetary and fiscal interventions (which may carry their own risks) designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. The recent news on the development and rapid implementation of several vaccines which appear to have very good effect on the virus has generated considerable optimism that life will get to a more normal pace and practice during the course of 2022 but uncertainty continues to be very high as a result of the appearance of new variants. The Company will continue to monitor developments closely.

## 17. SUBSEQUENT EVENTS

On November 12, 2021, the Company granted 1,500,000 Options of which 1,300,000 were to Directors and Officers to acquire shares pursuant to the Company's Incentive Option Plan at a price of $0.50 per share for a period of five years expiring November 11, 2026, all fully vested.

Subsequent to the quarter end, on December 23, 2021, the Company completed an Issue of 1,562,500 Flow Through Units, each unit comprised of one Flow Through share and one half of one warrant, each whole warrant entitling the holder to acquire a further share at a price of $1.10 per share until December 23. 2023; each unit was priced at $0.80. In connection with the Issue, the Company paid finders' fees of $75,000 and issued 93,750 finders' warrants, representing 6% of the number of FT Units sold under the offering, each finder's warrant exercisable into a share on the same terms as above.