

**ALORO MINING CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

**(Expressed in Canadian dollars)**  
**(Unaudited)**

## **NOTE TO READER**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements for Aloro Mining Corp. (the “Company”) have been prepared by management in accordance with International Financing Reporting Standards (“IFRS”). These condensed consolidated interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company’s auditors. The Company’s Audit Committee and Board of Directors have reviewed and approved these condensed consolidated interim financial statements. In accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators, the Company’s independent auditors have not performed a review of these condensed consolidated interim financial statements.

**ALORO MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)  
(Unaudited)

	Notes	September 30, 2021	December 31, 2020
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		\$ 15,307	\$ 20,524
Prepaid expenses		1,293	1,293
Other receivables	5, 9	19,255	20,839
		35,855	42,656
<b>NON-CURRENT</b>			
Exploration and evaluation asset	6	1,859,833	1,738,238
<b>TOTAL ASSETS</b>		<b>\$ 1,895,688</b>	<b>\$ 1,780,894</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	9	\$ 1,100,008	\$ 865,832
Related party loans	9	233,839	198,007
<b>TOTAL LIABILITIES</b>		<b>1,333,847</b>	<b>1,063,839</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	17,132,492	17,132,492
Reserves	8	2,058,344	2,058,344
Accumulated deficit		(18,628,995)	(18,473,781)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>561,841</b>	<b>717,055</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 1,895,688</b>	<b>\$ 1,780,894</b>

Nature of operations (Note 1)  
Going concern (Note 2)  
Subsequent event (Note 12)

*Approved on behalf of the Board:*

“Thomas Doyle”  
Thomas Doyle

“Dave Cross”  
Dave Cross

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

**ALORO MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)  
(Unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
<b>OPERATING EXPENSES</b>					
Depreciation		\$ -	\$ 8,922	\$ -	\$ 26,766
Management and director fees	9	13,500	22,500	58,500	67,500
Office and general		11,658	11,415	19,519	41,347
Professional fees		31,883	15,777	60,051	44,886
		(57,041)	(58,614)	(138,070)	(180,499)
<b>OTHER ITEMS</b>					
Other income		-	-	-	7,200
Foreign exchange loss		(12)	(21)	(748)	(3,902)
Interest expense		(5,537)	(7,343)	(16,396)	(19,727)
Gain on lease termination		-	11,034	-	11,034
<b>NET LOSS AND COMPREHENSIVE LOSS</b>					
		\$ (62,590)	\$ (54,944)	\$ (155,214)	\$ (185,894)
<b>LOSS PER SHARE – BASIC AND DILUTED</b>					
		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>					
		51,288,129	49,988,129	51,288,129	49,841,609

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

**ALORO MINING CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

(Unaudited)

	<u>Share Capital</u>		<u>Reserves</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
<b>Balance at January 1, 2020</b>	48,988,129	\$ 17,034,827	\$ 2,103,992	\$ (18,267,838)	\$ 870,981
Shares issued for property	1,000,000	40,000	-	-	40,000
Option forfeiture	-	-	(45,648)	45,648	-
Net loss for the period	-	-	-	(185,894)	(185,894)
<b>Balance at September 30, 2020</b>	49,988,129	\$ 17,074,827	\$ 2,058,344	\$ (18,408,084)	\$ 725,087
<hr/>					
<b>Balance at January 1, 2021</b>	51,288,129	\$ 17,132,492	\$ 2,058,344	\$ (18,473,781)	\$ 717,055
Net loss for the period	-	-	-	(155,214)	(155,214)
<b>Balance at September 30, 2021</b>	51,288,129	\$ 17,132,492	\$ 2,058,344	\$ (18,628,995)	\$ 561,841

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

**ALORO MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)  
(Unaudited)

	<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (155,214)	\$ (185,894)
Items not involving cash:		
Depreciation	-	26,766
Gain on lease termination	-	11,034
Change in non-cash working capital items:		
Prepaid expenses	-	11,856
Other receivables	1,584	(31,911)
Accounts payable and accrued liabilities	112,581	227,790
Net cash provided (used in) operating activities	(41,049)	59,641
<b>INVESTING ACTIVITY</b>		
Expenditures on (recovery of) exploration and evaluation asset	-	(154,855)
Net cash provided used in investing activity	-	(154,855)
<b>FINANCING ACTIVITIES</b>		
Principal elements of lease payments	-	(31,845)
Proceeds from related party loans	35,832	115,480
Net cash provided by financing activities	35,832	83,635
<b>CHANGE IN CASH</b>	<b>(5,217)</b>	<b>(11,579)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>20,524</b>	<b>12,924</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 15,307</b>	<b>\$ 1,345</b>

**SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Shares issued for exploration and evaluation assets	\$	-	\$	40,000
Cash paid for interest	\$	-	\$	6,154
Accrued management fees capitalised to exploration and evaluation assets	\$	121,595	\$	-

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

**ALORO MINING CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the nine months ended September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

**NOTE 1. NATURE OF OPERATIONS**

Aloro Mining Corp. (the “Company”) was incorporated on June 7, 2004 in British Columbia, and its business is the acquisition, exploration and development of its mineral interest in Mexico. On February 8, 2019, the Company changed its name from Wolverine Minerals Corp. to Aloro Mining Corp. The Company is listed on the TSX Venture Exchange (the “TSX-V”) under the symbol AORO.V. The address of the Company’s corporate office and principal place of business is PO Box 72011 Sasamat RPO, Vancouver, BC, V6R 4P2.

**NOTE 2. BASIS OF PREPARATION AND GOING CONCERN**

## a) Statement of compliance

These condensed consolidated interim financial statements of the Company 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”). The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 22, 2021.

## b) Basis of presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary. The functional currency of each entity is determined using the currency of the primary economic environment in which the entity operates.

## c) Basis of consolidation

The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

The condensed consolidated interim financial statements include the accounts and results of operations of the Company and its wholly owned subsidiary:

<b>Name of Subsidiary</b>	<b>Principal Activity</b>	<b>Place of Incorporation</b>	<b>Ownership Interest</b>
Exploraciones Aloro S.A. de C.V.	Mineral exploration	Mexico	100%

All intercompany balances and transactions were eliminated on consolidation.

## d) Going concern

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. At September 30, 2021, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty which may casts significant doubt about the Company’s ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company’s ability to raise adequate equity financing for continuing operations. Realization values may be substantially different from carrying values as shown and accordingly these financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these condensed consolidated interim financial statements.

**ALORO MINING CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the nine months ended September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

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**NOTE 2. BASIS OF PREPARATION AND GOING CONCERN (Continued)**

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. In response to COVID-19, the Mexican government has deemed mining non-essential and closed all mining-related activities beginning March 2020. The suspension was lifted as of June 1, 2020 and operations were allowed to resume. The Company still practises the safety measures and protocols as recommended by the Mexican Health Authorities. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

**NOTE 3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all years presented in these condensed consolidated interim financial statements.

a) Foreign Currency Translation

The individual financial statements of each entity of the Company are prepared in the currency of the primary economic environment in which the entity operates. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of transactions. At each reporting date, monetary items denominated in foreign currencies are reinstated at rate prevailing at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not reinstated. Exchange difference are recognized in profit or loss in the period in which they arise.

b) Exploration and Evaluation Asset

Once the legal right to explore has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, staking costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration and evaluation expenditures, including general administration and overhead costs are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects for the Company, the exploration and evaluation expenditures, along with the acquisition costs, are deemed to be impaired and written off.

The Company assesses exploration and evaluation assets for impairment when the facts and circumstances suggest that the carrying amount of these assets may exceed their recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'Mines under construction'.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

**NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Mineral exploration and evaluation expenditures are classified as intangible assets.

c) Impairment of Non-Financial Assets

Non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the 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.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

d) Financial Instruments

Financial instruments are accounted for in accordance with IFRS 9, “Financial Instruments: Classification and Measurement”. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Other receivables	Amortized cost
Accounts payable	Amortized cost
Related party loan	Amortized cost

Measurement

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

**ALORO MINING CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the nine months ended September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

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**NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Debt investments at FVTOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVTOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

e) Provisions

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 environment 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.

**NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As of September 30, 2021, and 2020, the Company did not have any known rehabilitation obligations.

f) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using the tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets.

g) Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to calculate diluted loss per share. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised to common shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if-converted" method. Diluted amounts are not presented when the effects of the computation are anti-dilutive.

h) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Upon exercise, equity instruments reflected in reserves is reallocated to share capital, adjusted for any consideration paid.

**NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Where options are cancelled during the period when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

i) Leases

Effective January 1, 2019, the Company adopted IFRS 16 which supersedes IAS 17 Leases (“IAS 17”). The Company has applied the new standard using the modified retrospective approach with no restatement of comparative periods. There were no adjustments to retained earnings as a result of adoption.

The Company has elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its previous assessment made under IAS 17 and IFRIC 4 Determining whether an arrangement contains a lease. The definition of a lease under IFRS 16 was applied only to contracts entered into or modified on or after January 1, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which would have previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company applied the exemption not to recognize right-of-use assets and liabilities for leases where the lease term ends within 12 months of the date of initial application when adopting IFRS 16 and did not recognize any lease assets or liabilities on transition.

**Accounting standards issued but not yet effective**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

**NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Significant judgements

The most significant judgments in applying the Company’s accounting policies in these condensed consolidated interim financial statements are:

a) Determination of functional currency

The Company determines the functional currency through its analysis of several indicators such as expenses and cash flow, financing activities, and frequency of transactions with the reporting entity.

b) Going concern

Other significant judgments in applying the Company’s accounting policies relate to the assessment of the Company’s ability to continue as a going concern (Note 2) and the classification of its financial instruments.

**NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

c) Carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which have been capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information and existing permits.

Significant estimates

Estimates and assumptions where there are significant risk of material adjustments to assets and liabilities in future accounting periods include:

a) Recoverability and measurement of deferred tax assets

In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

**NOTE 5. OTHER RECEIVABLES**

	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
Sales tax receivable	\$	1,255	\$	2,839
Rent receivable		18,000		18,000
<b>Total</b>	<b>\$</b>	<b>19,255</b>	<b>\$</b>	<b>20,839</b>

As at September 30, 2021, included in other receivables is rent receivable from a director of the Company for \$18,000 (2020 - \$18,000) (Note 9).

**ALORO MINING CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the nine months ended September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

**NOTE 6. EXPLORATION AND EVALUATION ASSET**

	<b>Los Venados</b>
<b>Acquisition cost:</b>	
<b>Balance, January 1, 2020</b>	<b>\$ 189,691</b>
Land purchase option	40,000
Option payment received	(65,880)
<b>Balance, December 31, 2020 and September 30, 2021</b>	<b>\$ 163,811</b>
<b>Exploration and evaluation costs:</b>	
<b>Balance, January 1, 2020</b>	<b>\$ 1,376,847</b>
Consulting fees (Note 9)	164,787
Drilling	5,621
Environmental permits and mining rights	20,082
Exploration costs	6,864
Sampling	226
<b>Balance, December 31, 2020</b>	<b>1,574,427</b>
Consulting fees (Note 9)	121,595
<b>Balance, September 30, 2021</b>	<b>\$ 1,696,022</b>
<b>Balance, December 31, 2020</b>	<b>\$ 1,738,238</b>
<b>Balance, September 30, 2021</b>	<b>\$ 1,859,833</b>

**ALORO MINING CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the nine months ended September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

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**NOTE 6. EXPLORATION AND EVALUATION ASSET (Continued)**

**Los Venados, Sonora Mexico**

The Company entered into an agreement on November 28, 2016 (the “Option Agreement”) with Minera Gavilan, S.A. de C.V. (the “Optionor”) and Almadex Minerals Limited (“Almadex”), pursuant to which the Optionor has agreed to grant the Company an option (the “Option”) to acquire up to 100% of the Optionor’s 100% right and title interest in and to an option agreement between the Optionor, Almadex and Compania Minera La Pitahaya, S.A. de C.V. (the “Underlying Optionor”) dated October 6, 2015, whereby the Optionor has the option to acquire a 100% interest in the Los Venados 1 mineral concession (the “Property”) located in Sonora State, Mexico (the “Transaction”);

To exercise its Option, the Company shall:

- i) assume all obligations of Almadex to the underlying optionor of the Los Venados property (the “Underlying Optionor”) with the exception of the issuance of Almadex shares which remains an obligation of Almadex;
- ii) pay \$30,000 on execution of the Option Agreement for expenditures on the property (paid);
- iii) issue 250,000 common shares within 10 days of receipt of approval of the TSX-V (the “Approval Date”) (issued February 8, 2017);
- iv) issue 250,000 common shares on or before the first anniversary of the Approval Date (issued February 8, 2018);
- v) issue 500,000 common shares on or before the second anniversary of the Approval Date (issued February 11, 2019); and
- vi) issue 1,000,000 common shares on or before the third anniversary of the Approval Date (issued February 10, 2020, Note 9); and
- vii) drill a minimum of 1,000 meters by the second anniversary, as part of the total required project expenditures of a minimum of US\$500,000 (the “Expenditures”), which must be incurred on or before the third anniversary (completed as of March 31, 2020 - incurred USD\$605,000 in the drilling program and completed the 1,000 meters required).

On August 13, 2019, the Company entered into an agreement to amend the cash payment terms of the original option agreement. The Company shall:

- i) pay \$20,000 on or before October 6, 2019 to extend its Option to October 6, 2020 (paid);
- ii) pay \$20,000 on or before October 6, 2020 to extend its Option to October 6, 2021 (paid by Minas de Oro Nacional, S.A de C.V.A., see below); and
- iii) pay \$60,000 on or before October 6, 2021 to exercise its Option (paid by Minas de Oro Nacional, S.A de C.V.A., see below).

Upon exercise of the Option, the Company will grant to Almadex a 2% net smelter returns royalty (the “NSR Royalty”) with respect to production of all precious metals. The NSR Royalty will be payable following commencement of commercial production. The property is also subject to an underlying 2% NSR royalty to the Underlying Optionor which may be purchased for \$1,000,000.

If the Option is exercised, the Company will be responsible for making a \$500,000 bonus payment to the Underlying Optionor when a National Instrument 43-101 compliant resource greater than 500,000 ounces of gold has been identified.

**ALORO MINING CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the nine months ended September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

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**NOTE 6. EXPLORATION AND EVALUATION ASSET (Continued)**

On October 19, 2020, the Company entered into two option agreements (the “Alamos Option Agreement”) and (the “Mexican Agreement”) whereby the optionee may acquire 70% interest of the Los Venados Project (title numbers 244241 and 246230) from the Company by incurring an aggregate of USD \$5,000,000 in exploration expenditures and making certain cash payments over three years.

Pursuant to the terms of the Mexican Agreement, the optionee has the option to acquire 70% of the Los Vendors Project by incurring an aggregate of USD \$5,000,000 in exploration expenditures as set out below:

- i) USD \$500,000 mandatory expenditures prior to the 1<sup>st</sup> anniversary of the Mexican Agreement (incurred);
- ii) USD \$1,500,000 optional expenditures prior to the 2<sup>nd</sup> anniversary of the Mexican Agreement; and
- iii) USD \$3,000,000 optional expenditures prior to the 3<sup>rd</sup> anniversary of the Mexican Agreement.

Provided the Mexican Agreement remains in good standing on the applicable anniversary date, the optionee will, in accordance with the Alamos Option Agreement, make the following cash payments to the Company:

- i) USD \$50,000 upon entry into the Mexican Agreement (received);
- ii) USD \$125,000 on or before 1<sup>st</sup> anniversary of the Mexican Agreement (received); and
- iii) USD \$150,000 on or before 2<sup>nd</sup> anniversary of the Mexican Agreement.

In addition, the optionee will make the required cash payments to the Underlying Optionor to match the Company’s commitments under the Option Agreement as such payments become due provided the Mexican Agreement is in good standing on the following dates:

- i) CAD \$20,000 plus VAT upon entry into the Mexican Agreement (paid); and
- ii) CAD \$60,000 plus VAT on or before October 6, 2021 (paid).

The optionee will be responsible for the payment of semi-annual mineral taxes on both concessions, provided the Mexican Agreement is good standing.

Once the optionee has acquired 70% of the Los Vendors Project, the optionee and the Company have agreed to share additional exploration and development costs pro rata based on their interests in the project. Should either party decide not to contribute, their interest will be diluted pro rata using a formula based on total expenditures.

Upon completion of making the necessary payments and incurring the Expenditures, the optionee may exercise the option and, upon doing so, will have earned a 70% interest in the Los Vendors Project, and the Los Venados 1 mineral concession (title number 246230) will be subject to a 2% net smelter return royalty in favor of the Company, of which 1% can be repurchased by the optionee for USD \$1,500,000.

**NOTE 7. SHARE CAPITAL**

During the period ended September 30, 2021, the Company had no share activity.

During the year ended December 31, 2020, the Company:

- i) issued 1,000,000 common shares with a fair value of \$40,000 pursuant to the Los Venados option (Note 8).
- ii) issued 1,300,000 common shares with a fair value of \$58,500 pursuant to a debt settlement, resulting in a gain of \$10,632.

**ALORO MINING CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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(Unaudited)

**NOTE 8. RESERVES**Share purchase warrants

The following table summarizes the changes in warrants outstanding during the periods presented:

	Number of warrants	Weighted average exercise price
Outstanding, January 1, 2020	1,500,000	\$ 0.09
Expired	(1,500,000)	0.09
Outstanding, December 31, 2020 and September 30, 2021	-	\$ -

Stock options

On November 20, 2006, the Company's Board of Directors approved the adoption of a "rolling" stock incentive plan (the "Plan") in accordance with the policies of the TSX-V. The Board of Directors is authorized to grant options under the Plan to directors, officers, consultants or employees to acquire up to a maximum of 10% of the issued and outstanding common shares at the time an option is granted. The exercise prices of options granted shall not be less than the Discounted Market Price, as defined in Exchange Policy 2.4, and the exercise period shall not exceed 5 years from the date the option is granted. The maximum number of options that may be granted to any one person must not exceed 5% of the common shares outstanding at the time of the grant or 2% if the recipient is a consultant or employed in an investor relations capacity.

The following table summarizes the changes in stock options:

	Number of options	Weighted average exercise price
Outstanding, January 1, 2020	900,000	\$ 0.10
Forfeited	(400,000)	0.10
Outstanding, September 30, 2021	500,000	0.10
Forfeited	(100,000)	0.10
Outstanding, December 31, 2020	400,000	\$ 0.10

*During the year ended December 31, 2020:*

During the year ended December 31, 2020, 400,000 stock options were forfeited. As the stock options were fully vested, \$45,648, the amount previously recognized in reserves was transferred to deficit.

As at September 30, 2021, the following stock options were outstanding and exercisable:

Numbers of options – Outstanding and Exercisable	Exercise price	Expiry Date
200,000	\$ 0.10	April 2, 2023
200,000	0.10	June 13, 2023
500,000		

As at September 30, 2021, the weighted average remaining contractual life of the options outstanding is 1.68 years.

**ALORO MINING CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**NOTE 9. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Key management compensation is summarized as follows:

<b>For the nine months ended September 30,</b>		<b>2021</b>		<b>2020</b>
Management fees	\$	153,000	\$	162,000
Directors' fees		27,000		27,000
Accounting fees		20,250		-
<b>Total</b>	<b>\$</b>	<b>200,250</b>	<b>\$</b>	<b>189,000</b>

During the nine months ended September 30, 2021, management fees accrued to a company controlled by the Chief Executive Officer was \$135,000 (2020 - \$135,000). Accounting fees of \$20,250 (2020 - \$Nil) accrued to a partnership in which the CFO has an ownership interest. Management fees accrued to a company controlled by the former Chief Financial Officer was \$18,000 (2020 - \$27,000). \$121,500 (2020 - \$121,500) of the fees to the Chief Executive Officer have been capitalized to exploration and evaluation assets and the remaining \$13,500 (2020 - \$13,500) was expensed as management fees in the income statement.

*Related party balances*

At September 30, 2021, \$994,374 was due to related parties and is included in accounts payable and accrued liabilities. The amounts are non-interest bearing, unsecured and due on demand.

As at September 30, 2021, \$18,000 (2020 - \$18,000) was due from a related party and is included in other receivables (Note 5).

At September 30, 2021, the Company had outstanding loans due to the Chief Executive Officer, former Chief Financial Officer and a Director of the Company for \$200,117, \$24,507 and \$9,215, respectively (2020 - \$182,730, \$17,750 and \$Nil). The loans bear interest at 10% per annum, are unsecured and are due on demand. At September 30, 2021, accrued interest related to the outstanding loans was \$36,061 (2020 - \$15,189).

*Related party transactions*

During the nine months ended September 30, 2021, the Company recorded income from the sublease of its office space of \$Nil (2020 - \$6,000) from a director of the Company.

**NOTE 10. FINANCIAL INSTRUMENTS**

The Company is exposed to various financial instrument risk and assessed the impact and likelihood of this exposure. These risks include market risk, credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

*Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of interest rate risk, foreign currency risk and commodity price risk.

a) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at September 30, 2021, the Company is not exposed to any significant interest rate risk.

b) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk as it has operations in Mexico and it incurs certain expenditures that are denominated in Mexican pesos while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Company has net financial assets of approximately \$14,963 (December 31, 2020: net financial assets - \$20,057) that are denominated in Mexican pesos.

If the Mexican peso had changed against the Canadian dollar by 10% at year end, the Company's net loss and comprehensive loss after taxes would change by approximately \$1,496 (December 31, 2020 - \$2,006), resulting from the translation of the Mexican peso denominated financial instruments.

c) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

*Credit Risk*

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. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at September 30, 2021, the Company is not exposed to any significant credit risk.

**NOTE 10. FINANCIAL INSTRUMENTS (Continued)**

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. As at September 30, 2021, the Company has not yet generated revenue to cover operating expenditures. The Company also has a significant amount of current liabilities. The Company will require additional financing to fund its on-going operations and currently has no resources from which to repay its outstanding obligations. There can be no certainty of the Company's ability to raise additional financing in a timely manner. Consequently, the Company is significantly exposed to liquidity risk.

As at September 30, 2021, the Company had cash of \$15,307 to settle current liabilities of \$1,333,846, thus will require additional financing to meet its short-term financial obligations.

The table below summarizes the maturity profile of the Company's liabilities:

As at September 30, 2021	On demand	Less than 1 year	1 -2 years	Later than 2 years	Total
Trade payables	\$ 106,158	\$ -	\$ -	\$ -	\$ 106,158
Accrued liabilities – related party	973,111	-	-	-	973,111
Accrued liabilities	20,739	-	-	-	20,739
Loans from related parties	233,839	-	-	-	233,839
<b>Total liabilities</b>	<b>\$ 1,333,847</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,333,847</b>

*Fair value*

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 Company determined that the carrying value of cash, other receivables, accounts payable and related party loans approximate their fair value because of the relatively short periods to maturity of these instruments and their low credit risk.

The carry value of the lease liability is measured at the present value of the discounted future cash flows.

**ALORO MINING CORP.**

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**NOTE 11. CAPITAL DISCLOSURE**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' deficiency as capital, cash, receivables and financial liabilities.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach during the period ended September 30, 2021.

**NOTE 12. SUBSEQUENT EVENT**

Subsequent to the period ended September 30, 2021, the Company announced that the final payment of the Option Agreement for the Los Venados claim #244241 has been made. The Company entered into an Option Agreement on the Los Venados claim #244241 with Almadex Minerals Limited, ("Almadex Option Agreement"). All other terms of the Almadex Option Agreement have been satisfied. The Company's Mexican subsidiary, Exploraciones Aloro, S.A. de C.V. (Exploraciones), is currently in the process of having the claim #244241 title transferred to Exploraciones name.

The final payment of the Los Venados claim #244241, Almadex Option, of CAD\$60,000+VAT was made by Alamos Gold Inc.'s ("Alamos") Mexican subsidiary, Minas de Oro Nacional, S.A. de C.V. ("MON"), as part of its payment obligations under the terms of the Company's option agreement with Alamos dated October 19, 2020 (the "Alamos Option Agreement"), pursuant to which Alamos was granted an option to acquire a 70% interest in the Los Venados Project (the "Option") from the Company by incurring an aggregate of US\$5,000,000 in exploration expenditures and making certain cash payments over three years. Alamos has also made the second-year payment of \$125,000 US to The Company in order to keep the Option in good standing.

Amendment to The Company/ Alamos Option Agreement:

By mutual agreement between the Company and Alamos, the parties have agreed to reduce the second-year work commitment from US\$1,500,000 to US\$750,000 and to increase the third-year work commitment from US \$3,000,000 to US\$3,750,000, to total US\$5,000,000 by the end of the third year in order to earn their 70% interest in the Los Venados Project. All other terms remain the same.

The expenditure in the first year by Alamos was approximately \$792,000 US, far exceeding the required first-year work commitment of \$500,000 US.