



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

## **HANSTONE GOLD CORP.**

### **Notice to Reader:**

These condensed interim financial statements of Hanstone Gold Corp. (the “Company”) have been prepared by management and reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

**HANSTONE GOLD CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
As at September 30, 2021 and December 31, 2020  
(Expressed in Canadian dollars)



	September 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 138,782	\$ 568,885
GST receivable	218,752	75,555
Prepays and deposits	<u>84,803</u>	<u>-</u>
<b>Total current assets</b>	442,337	644,440
<b>Property and equipment</b> (Note 3)	302,929	331,409
<b>Exploration and evaluation assets</b> (Note 4)	<u>1,059,000</u>	<u>896,000</u>
<b>Total assets</b>	<u>\$ 1,804,266</u>	<u>\$ 1,871,849</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	<u>\$ 660,672</u>	<u>\$ 119,349</u>
<b>Total liabilities</b>	660,672	119,349
<b>Shareholders' equity</b>		
Share capital (Note 5)	6,611,989	4,063,996
Stock options reserve	585,452	282,689
Deficit	<u>(6,053,847)</u>	<u>(2,594,185)</u>
<b>Total shareholders' equity</b>	<u>1,143,594</u>	<u>1,752,500</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,804,266</u>	<u>\$ 1,871,849</u>

**Nature of operations and going concern** (Note 1)

**Basis of presentation** (Note 2)

**On behalf of the Board:**

"Andre Douchane"  
Director

"Bob Hans"  
Director

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

**HANSTONE GOLD CORP.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three and nine months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)



	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>EXPENSES</b>				
Advertising	\$ 207,685	\$ -	\$ 339,559	\$ -
Audit and accounting (note 6)	4,500	-	28,500	6,500
Consulting	48,238	-	90,128	-
Exploration expenditures (Notes 4 and 6)	2,018,422	1,830,484	2,290,135	1,830,484
Interest expense	-	-	4,622	-
Legal	62,345	117,940	73,318	117,940
Listing and filing	22,426	1,839	68,492	14,129
Management fees (Note 6)	88,520	33,000	275,520	33,000
Office supplies and services	9,881	3,483	17,708	4,208
Rent	9,000	3,000	27,000	3,000
Stock-based compensation	5,151	198,240	371,108	198,240
Transfer agent fees	3,622	6,478	8,741	8,243
Insurance	-	10,500	-	10,500
Travel	-	9,153	-	9,153
	(2,479,790)	(2,214,117)	(3,594,831)	(2,235,397)
Flow-through share premium recovery	135,063	-	135,063	-
Interest income	-	372	106	372
<b>Net loss for the period</b>	\$ (2,344,727)	\$ (2,213,745)	\$ (3,459,662)	\$ (2,235,025)
Basic and diluted loss per share	\$ (0.07)	\$ (0.14)	\$ (0.12)	\$ (0.24)
Weighted average number of common shares outstanding	31,592,181	15,459,167	28,450,733	9,176,070

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

**HANSTONE GOLD CORP.**

## CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)



	Share Capital				
	Number of Shares	Amount	Stock Options Reserve	Deficit	Total
<b>Balance, December 31, 2019</b>	<b>6,000,000</b>	<b>\$ 383,644</b>	<b>\$ 41,540</b>	<b>\$ (84,338)</b>	<b>\$ 340,846</b>
Private placement (Note 5)	15,528,914	3,000,000	-	-	3,000,000
Share issue costs	-	(20,976)	-	-	(20,976)
Shares issued for exploration and evaluation assets (Notes 4 and 5)	4,700,000	846,000	-	-	846,000
Exercise of options (Note 5)	400,000	44,083	(4,083)	-	40,000
Stock-based compensation	-	-	198,240	-	198,240
Loss for the period	-	-	-	(2,235,025)	(2,235,025)
<b>Balance, September 30, 2020</b>	<b>26,628,914</b>	<b>4,252,751</b>	<b>235,697</b>	<b>(2,319,363)</b>	<b>2,169,085</b>
Exercise of options (Note 5)	-	16,040	(16,040)	-	\$ -
Flow-through share premium	-	(204,795)	-	-	(204,795)
Stock-based compensation	-	-	63,032	-	\$ 63,032
Loss for the period	-	-	-	(274,822)	\$ (274,822)
<b>Balance, December 31, 2020</b>	<b>26,628,914</b>	<b>4,063,996</b>	<b>282,689</b>	<b>\$ (2,594,185)</b>	<b>\$ 1,752,500</b>
Private placement (Note 5)	6,377,211	2,716,026	-	-	2,716,026
Share issue costs	-	(165,170)	38,855	-	(126,315)
Exercise of warrants (Note 5)	100,000	25,000	-	-	25,000
Flow-through share premium	-	(135,063)	-	-	(135,063)
Stock-based compensation	268,000	107,200	263,908	-	371,108
Loss for the period	-	-	-	(3,459,662)	(3,459,662)
<b>Balance, September 30, 2021</b>	<b>33,374,125</b>	<b>\$ 6,611,989</b>	<b>\$ 585,452</b>	<b>\$ (6,053,847)</b>	<b>\$ 1,143,594</b>

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

**HANSTONE GOLD CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
For the nine months ended September 30, 2021 and 2020  
(Expressed in Canadian dollars)



	For the nine months ended September 30,	
	2021	2020
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Loss for the period	\$ (3,459,662)	\$ (2,235,025)
Adjustment for non-cash item:		
Flow-through share premium recovery	(135,063)	-
Stock-based compensation	371,108	-
Changes in non-cash working capital items:		
Prepays and deposits	(84,803)	-
GST receivable	(143,197)	(45,906)
Accounts payable and accrued liabilities	541,323	263,622
Net cash used in operating activities	<u>(2,910,294)</u>	<u>(2,017,309)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(105,596)	(896,000)
Purchase of property and equipment	<u>(28,924)</u>	<u>-</u>
Net cash used in investing activities	<u>(134,520)</u>	<u>(896,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Private Placement (Note 5)	2,716,026	3,000,000
Share issuance	-	846,000
Less share issue costs	(126,315)	(20,976)
Grant of options	-	198,240
Exercise of options	-	40,000
Exercise of warrants	<u>25,000</u>	<u>-</u>
Net cash provided by financing activities	<u>2,614,711</u>	<u>4,063,264</u>
<b>Change in cash during the period</b>	<b>(430,103)</b>	<b>1,149,955</b>
<b>Cash, beginning of period</b>	<b><u>568,885</u></b>	<b><u>350,972</u></b>
<b>Cash, end of period</b>	<b><u>\$ 138,782</u></b>	<b><u>\$ 1,500,927</u></b>
<b>Supplemental Cash Flow Information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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



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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Hanstone Gold Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on October 11, 2018. Effective on August 19, 2020, the Company changed its name.

The principal business of the Company is the acquisition and exploration of mineral properties. The registered office of the Company is Suite 600-1090 West Georgia Street, Vancouver, BC V6E 3V7, while the head office and principal business address of the Company is 970 – 777 Hornby Street, Vancouver, B.C. V6Z 1S4.

The Company entered into two asset purchase agreements on March 17, 2020 to purchase the Doc and Snip North Properties in northern British Columbia. The transactions closed on August 18, 2020 (Note 4).

### **Going Concern**

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at September 30, 2021, the Company has not generated any revenues from operations and has an accumulated deficit of \$6,053,847.

The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

### **Global Pandemic**

In March 2020, the World Health Organization declared a global pandemic related to the COVID-19 virus. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world’s equity markets and the movement of people and goods has become restricted.

As the Company does not have production activities, the ability to fund ongoing exploration is affected by the availability of financing. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding.

The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of mineral property impairment and going concern uncertainty. 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 and its operations in future periods. These financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

## **2. BASIS OF PRESENTATION**

### **Statement of Compliance**

These condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed financial statements should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2020, which have been prepared in accordance with IFRS issued by the IASB.

These condensed interim financial statements have been prepared on a historical cost basis. In addition, these condensed financial statements have been prepared using the accrual basis of accounting, except for cash flow information. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the December 31, 2020 audited financial statements.

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

### **Basis of Measurement**

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

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### **Use of estimates and measurement uncertainties**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

#### Valuation of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were 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, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, evaluation of permitting and environmental issues and local support for the project.

#### Share based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can significantly change the fair value estimate and the Company's earnings and equity reserves.

#### Deferred income taxes

Judgement is required in determining whether deferred tax assets are recognized in the statements of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable income in future periods, in order to utilize deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statements of financial position could be impacted. The Company has not recorded any deferred tax assets.

### 3. PROPERTY AND EQUIPMENT

	Camp Building	Equipment	TOTAL
<b><u>COSTS</u></b>			
<b>Balance, December 31, 2019</b>	\$ -	\$ -	\$ -
Additions	368,232	-	368,232
<b>Balance, December 31, 2020</b>	368,232	-	368,232
Additions	-	28,924	28,924
<b>Balance, September 30, 2021</b>	\$ 368,232	\$ 28,924	\$ 397,156
<b><u>ACCUMULATED DEPRECIATION</u></b>			
<b>Balance, December 31, 2019</b>	\$ -	\$ -	\$ -
Depreciation	36,823	-	36,823
<b>Balance, December 31, 2020</b>	36,823	-	36,823
Depreciation	55,235	2,169	57,404
<b>Balance, September 30, 2021</b>	\$ 92,058	\$ 2,169	\$ 94,227
<b><u>NET BOOK VALUE</u></b>			
Balance, December 31, 2020	\$ 331,409	\$ -	\$ 331,409
<b>Balance, September 30, 2021</b>	<b>\$ 276,174</b>	<b>\$ 26,755</b>	<b>\$ 302,929</b>

During the nine months ended September 30, 2021, the Company recorded a depreciation expense of \$57,404 (2020 - \$Nil) related to the Camp Building and Equipment and has been included in the exploration expenditures for the period.

Exploration assets consist entirely of costs incurred in relation to the acquisition of the Company's mineral properties. All exploration expenditures are expensed in the period incurred.

	Doc Property	Snip North Property	TOTAL
<b>Balance, December 31, 2019</b>	\$ -	\$ -	\$ -
Property acquisition costs - shares	810,000	36,000	846,000
Property acquisition costs - cash	50,000	-	50,000
<b>Balance, December 31, 2020</b>	860,000	36,000	896,000
Property acquisition costs - cash	163,000	-	163,000
<b>Balance, September 30, 2021</b>	<b>\$ 1,023,000</b>	<b>\$ 36,000</b>	<b>\$ 1,059,000</b>

The outcome of ongoing exploration activities, and therefore whether the carrying value of exploration assets will ultimately be recovered, is inherently uncertain. Management has reviewed the projects above at September 30, 2021 for any indicators of impairment and determined that no indicators were present. This assessment includes a review of the expiry dates of claims, the likelihood of meeting the annual expenditure requirements to maintain the claims in good standing, management's assessments of the results of geological studies, drilling and the intentions to carry on future work on these claims based on the results to date.

### **Doc Property**

The Company and Milestone Infrastructure Inc. ("Milestone") entered into an asset purchase agreement dated as of March 17, 2020 (the "Milestone Agreement") respecting the acquisition of Milestone's option agreement on the Doc Property (the "Transaction"). The Doc Property is comprised of 10 mineral claims located in the Skeena Mining Division in British Columbia. The Company also entered into an assignment and assumption agreement ("Bot Option Agreement") with Mr. John Bot ("Bot") to continue with the original option agreement entered into with Milestone. As a result of the assumption agreement, the Company has the exclusive and irrevocable right to acquire a 100% interest in the Doc Property from Bot. Under the Bot Option Agreement, to successfully exercise the option to acquire 100% of the Doc Property, the Company is required to make cash payments having an aggregate of \$1,825,000 to Bot, over six years as follows:

1. \$50,000 on July 3, 2019, being the effective date of the original Option Agreement (paid);
2. \$50,000 on or before (a) the date which is seven days after resumption of trading of Hanstone shares on the TSXV following the completion of its Qualifying Transaction; and (ii) September 30, 2020 (paid);
3. \$50,000 on July 3, 2021 (paid);
4. \$200,000 on July 3, 2022;
5. \$400,000 on July 3, 2023;
6. \$500,000 on July 3, 2024; and
7. \$575,000 on July 3, 2025.

In addition, under the Bot Option Agreement, the Company has granted to Bot a 1.5% net smelter returns royalty (the "Bot NSR") on the Doc Property. The Company has the right at any time to repurchase the Bot NSR from Bot by paying \$500,000 to Bot. Until the Company has successfully exercised the option under the Bot Option Agreement, the Company is required to pay Bot a bulk sample royalty of 5% on the Doc Property. Under the Milestone Agreement, the Company issued an aggregate of 4,500,000 common shares of the Company to Milestone's stakeholders at a deemed price of \$0.18 per share for a value of \$810,000 (Note 5). The Transaction was completed on August 19, 2020. Under the terms of the Milestone Agreement an option payment of \$50,000 was made on August 19, 2020. For the nine months ended September 30, 2021, the Company has spent \$2,290,135 in exploration expenditures for a cumulative total of \$4,335,663 on the Doc Property.

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### **Snip North Property**

The Company entered into an asset purchase agreement with Richard Mill (“Mill”) dated as of March 17, 2020 (the “Mill Agreement”) respecting the proposed acquisition from Mill of 100% of Mill’s right, title and interest in and to the Snip North property (the “Snip North Property”), comprised of 5 mineral claims located in British Columbia, approximately 50 kilometers north of the Doc Property. As consideration for the acquisition of the Snip North Property, the Company issued an aggregate of 200,000 common shares of the Company to Mill at a deemed price of \$0.18 per share for a value of \$36,000 (Note 5). The transaction was completed on August 19, 2020.

## **5. SHAREHOLDERS’ EQUITY**

### **Authorized share capital**

Unlimited common shares, without par value.

### **Share issuances**

On August 19, 2020, the Company issued 4,700,000 common shares in relation to the acquisition of the Doc Property and the Snip North Property with an aggregate fair value of \$846,000 (Note 4).

On August 19, 2020, the Company closed a private placement financing for gross proceeds of \$3,000,000. The Company raised \$2,268,588 in gross proceeds through the issuance of 12,603,266 subscription units (“Unit”) at a price of \$0.18 per Unit, with each Unit comprised of one common share and one common share purchase warrant. The remaining gross proceeds of \$731,412 were raised through the issuance of 2,925,648 “flow-through” units (“FT Unit”) at a price of \$0.25 per FT Unit, with each FT Unit comprised of one “flow-through” common share and one common share purchase warrant.

On September 2, 2020, the Company issued 100,000 common shares upon exercise of stock options at \$0.10 per share for a gross proceed of \$10,000.

On September 11, 2020, the Company issued 300,000 common shares upon exercise of stock options at \$0.10 per share for a gross proceed of \$30,000.

On January 29, 2021, the Company issued 268,000 common shares to the Company’s Chief Executive Officer valued at \$181,644 in compensation for his services.

On June 30, 2021, the Company closed a private placement financing for gross proceeds of \$954,396. The Company raised \$510,480 in gross proceeds through the issuance of 1,276,200 subscription units at a price of \$0.40 per unit, with each unit comprised of one common share and one common share purchase warrant. The remaining gross proceeds of \$443,916 were raised through the issuance of 1,008,900 “flow-through” units at a price of \$0.44 per FT Unit, with each FT Unit comprised of one “flow-through” common share and one common share purchase warrant. In connection with the private placement, the Company paid share issue costs in cash of \$110,283 and issued 142,844 compensation options valued at \$30,873. Each compensation option entitles the holder to purchase one unit at an exercise price of \$0.40 for a period of 24 months.



On July 29, 2021, the Company closed the first tranche of its private placement financing for gross proceeds of \$1,323,420 through the issuance of 3,007,770 “flow-through” units at a price of \$0.44 per FT Unit, with each FT Unit comprised of one “flow-through” common share and one common share purchase warrant.

On September 1, 2021, the Company closed the second and final tranche of its private placement financing for gross proceeds of \$438,210. The Company raised \$389,000 in gross proceeds through the issuance of 972,500 subscription units at a price of \$0.40 per unit, with each unit comprised of one common share and one common share purchase warrant. The remaining gross proceeds of \$49,210 were raised through the issuance of 111,841 “flow-through” units at a price of \$0.44 per FT Unit, with each FT Unit comprised of one “flow-through” common share and one common share purchase warrant. In connection with closing, the Company paid finder’s fees of \$16,032 and issued 39,800 compensation options valued at \$7,982. Each compensation option entitles the holder to purchase one unit at an exercise price of \$0.40 for a period of 24 months.

On September 22, 2021, the Company issued 100,000 common shares upon exercise of warrants at \$0.25 per share for a gross proceed of \$25,000.

As at September 30, 2021, the Company has 33,374,125 common shares issued and outstanding.

### **Escrow Shares**

As at September 30, 2021, a total of 4,552,146 common shares were subject to a Capital Pool Company (“CPC”) Escrow Agreement and a Tier 2 Exchange Escrow Agreement. Under both the CPC Escrow Agreement and the Tier 2 Exchange Agreement, 10% of the escrowed common shares were released from escrow on the issuance of the Final Exchange Bulletin (the “Initial Release”) and an additional 15% will be released on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release.

### **Stock Option Plan**

On December 4, 2018, the Company adopted an incentive stock option plan (the “Option Plan”) which allows the Company’s Board of Directors, at its discretion and in accordance with TSX Venture Exchange requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees and consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

### ***Incentive Stock Options***

On January 29, 2021, the Company granted 875,000 stock options to officers, directors and consultants of the Company with an exercise price of \$0.40 per share for five years and have an expiry date of January 29, 2026. The fair value of these options was calculated to be \$258,757 using the Black-Scholes Option Pricing Model using the following assumptions: expected life of the option: 5 years; expected volatility: 100%; expected dividend yield: 0%; and risk-free interest rate: 0.44%.

**HANSTONE GOLD CORP.**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)



On September 1, 2021, the Company granted 100,000 stock options to a consultant of the Company with an exercise price of \$0.40 per share for five years and have an expiry date of September 1, 2026. These options vest 25% on November 30, 2021 and then 25% every three months thereafter. The fair value of these options was calculated to be \$29,672 using the Black-Scholes Option Pricing Model using the following assumptions: expected life of the option: 5 years; expected volatility: 100%; expected dividend yield: 0%; and risk-free interest rate: 0.82%.

A summary of the Company's stock option plan as at September 30, 2021 and December 31, 2020:

	September 30, 2021		December 31, 2020	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
<b>Outstanding, beginning of period</b>	1,770,000	\$0.10	900,000	\$0.10
Granted	975,000	\$0.40	1,270,000	\$0.16
Exercised	-	-	(400,000)	\$0.10
<b>Outstanding, end of period</b>	<b>2,745,000</b>	<b>\$0.27</b>	<b>1,770,000</b>	<b>\$0.10</b>
<b>Exercisable, end of period</b>	<b>2,645,000</b>	<b>\$0.27</b>	<b>1,770,000</b>	<b>\$0.10</b>

As at September 30, 2021, 500,000 stock options are exercisable at \$0.10 per share expiring on April 29, 2029, 1,120,000 stock options are exercisable at \$0.20 per share expiring on August 19, 2030, 150,000 stock options are exercisable at \$0.58 per share expiring on December 8, 2025, 875,000 stock options are exercisable at \$0.40 per share expiring on January 29, 2026 and 100,000 stock options are exercisable at \$0.40 per share expiring on September 1, 2026.

Under the private placement dated August 19, 2020, the Company issued an aggregate of 12,603,266 share purchase warrants exercisable for one common share at an exercise price of \$0.25 per share, for two years and have an expiry date of August 19, 2022. In addition, the Company issued an aggregate of 2,925,648 share purchase warrants exercisable for one common share at an exercise price of \$0.35 per share, for two years and have an expiry date of August 19, 2022.

Also, on August 19, 2020, the Company issued an aggregate of 12,500 finder's warrants exercisable for one common share at a price of \$0.25 per share, for two years and have an expiry date of August 19, 2022 and issued an aggregate of 1,600 finder's warrants exercisable for one common share at a price of \$0.35 per share, for two years and have an expiry date of August 19, 2022.

Under the private placement dated June 30, 2021, the Company issued an aggregate of 2,285,100 share purchase warrants exercisable for one common share at an exercise price of \$0.47 per share, for two years and have an expiry date of June 30, 2023.



Under the private placement dated July 29, 2021, the Company issued an aggregate of 3,007,770 share purchase warrants exercisable for one common share at an exercise price of \$0.47 per share, for two years and have an expiry date of July 29, 2023.

Under the private placement dated September 1, 2021, the Company issued an aggregate of 1,084,341 share purchase warrants exercisable for one common share at an exercise price of \$0.47 per share, for two years and have an expiry date of September 1, 2023.

A summary of the Company's share purchase warrants as at September 30, 2021 and December 31, 2020:

	September 30, 2021		December 31, 2020	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
<b>Outstanding, beginning of period</b>	15,543,014	\$0.27	-	-
Issued	6,377,211	\$0.47	15,543,014	\$0.27
Exercised	(100,000)	\$0.25	-	\$0.00
<b>Outstanding, end of period</b>	<b>21,820,225</b>	<b>\$0.33</b>	<b>15,543,014</b>	<b>\$0.27</b>

As at September 30, 2021, 12,515,766 share purchase warrants are exercisable at \$0.25 per share expiring on August 19, 2022, 2,927,248 share purchase warrants are exercisable at \$0.35 per share expiring on August 19, 2022, 2,285,100 share purchase warrants are exercisable at \$0.47 per share expiring on June 30, 2023, 3,007,770 share purchase warrants are exercisable at \$0.47 per share expiring on July 29, 2023 and 1,084,341 share purchase warrants are exercisable at \$0.47 per share expiring on September 1, 2023.

In connection with the private placement on June 30, 2021, the Company issued 142,844 compensation options. Each compensation option entitles the holder to purchase one unit at an exercise price of \$0.40 for a period of 24 months. The fair value of these options was calculated to be \$30,873 using the Black-Scholes Option Pricing Model using the following assumptions: expected life of the option: 2 years; expected volatility: 104%; expected dividend yield: 0%; and risk-free interest rate: 0.46%.

In connection with the private placement on September 1, 2021, the Company issued 39,800 compensation options. Each compensation option entitles the holder to purchase one unit at an exercise price of \$0.40 for a period of 24 months. The fair value of these options was calculated to be \$7,982 using the Black-Scholes Option Pricing Model using the following assumptions: expected life of the option: 2 years; expected volatility: 95%; expected dividend yield: 0%; and risk-free interest rate: 0.40%.

A summary of the Company's compensation options as at September 30, 2021 and December 31, 2020:

	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
	Number of compensation options	Weighted Average Exercise Price	Number of compensation options	Weighted Average Exercise Price
<b>Outstanding, beginning of period</b>	-	-	-	-
Granted	182,644	\$0.40	-	-
<b>Outstanding, end of period</b>	182,644	\$0.40	-	-
<b>Exercisable, end of period</b>	182,644	\$0.40	-	-

As at September 30, 2021, 142,844 compensation options are exercisable at \$0.40 per unit expiring on June 30, 2023 and 39,800 compensation options are exercisable at \$0.40 per unit expiring on September 1, 2023.

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 this consists of corporate officers, executive and non-executive members of the Corporation's Board of Directors and companies owned by these individuals.

During the nine months ended September 30, 2021, key management personnel charged the Company \$275,520 for management fees (2020 - \$29,000), \$13,200 in accounting and audit fees (2020 - \$Nil) and \$Nil (2020 - \$508,243) in exploration expenditures. In addition, 725,000 stock options were issued to directors and officers of the Company with a value of \$214,399 (2020 - \$177,000).

At September 30, 2021, the Company had \$188,112 (December 31, 2020 - \$Nil) payable to related parties included in accounts payable and accrued liabilities.

## 7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2021, the Company's financial instruments are comprised of cash and accounts payable. The fair values of these financial instruments approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at September 30, 2021, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy.

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The Company's risk exposure and the impact on the Company's financial instruments is summarized below:

**Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

**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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. At September 30, 2021, the Company is not exposed to any significant liquidity risk

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. This risk is considered to be minimal.

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as they are denominated in currencies that differ from the respective functional currency. The Company's functional currency is the Canadian dollar. There are no current assets held in other currencies and therefore the foreign exchange risk is assessed as low.

**8. CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2021, the Company's shareholders' equity was \$1,143,594. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses. Additional funds may be required to finance the Company's future business opportunities.



The Company is not subject to any externally imposed capital requirements, except as noted above. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2021.

**9. SEGMENTED INFORMATION**

The Company operates in one reportable segment, being exploration of mineral assets. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.