
**STONE GOLD INC.
(FORMERLY CR CAPITAL CORP.)
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice to Reader

The accompanying unaudited condensed interim financial statements of Stone Gold Inc. ("CR Capital Corp.") (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and nine months ended September 30, 2021 have not been reviewed by the Company's auditors.

Stone Gold Inc. (Formerly CR Capital Corp.)**Condensed Interim Statements of Financial Position****(Expressed in Canadian dollars)****(Unaudited)**

	As at September 30, 2021	As at December 31, 2020
ASSETS		
Current assets		
Cash	\$ 690,240	\$ 1,075,884
Amounts receivable and other assets (note 3)	15,967	20,958
Total assets	\$ 706,207	\$ 1,096,842
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 4 and 12)	\$ 36,228	\$ 42,166
Flow-through share liability (note 5)	57,346	149,293
Total liabilities	93,574	191,459
Shareholders' equity		
Share capital (note 6)	25,810,932	25,517,237
Reserves (notes 7 and 8)	498,445	531,450
Accumulated deficit	(25,696,744)	(25,143,304)
Total shareholders' equity	612,633	905,383
Total liabilities and shareholders' equity	\$ 706,207	\$ 1,096,842

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

Commitments (notes 10 and 14)

Subsequent events (note 15)

Stone Gold Inc. (Formerly CR Capital Corp.)
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Operating expenses				
Exploration and evaluation expenditures (note 10)	\$ 27,942	\$ 69,863	\$ 412,597	\$ 93,749
General and administrative (note 11)	71,420	100,111	232,790	196,798
Operating loss before the following items	(99,362)	(169,974)	(645,387)	(290,547)
Unrealized gain on marketable securities	-	-	-	35,000
Realized loss on marketable securities	-	-	-	(32,750)
Premium recovery on flow-through shares (note 5)	18,881	11,358	91,947	11,571
Net loss and comprehensive loss for the period	\$ (80,481)	\$ (158,616)	\$ (553,440)	\$ (276,726)
Basic and diluted net loss per share (note 9)	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding (note 9)	28,282,335	20,549,006	27,733,061	14,430,139

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Stone Gold Inc. (Formerly CR Capital Corp.)**Condensed Interim Statements of Cash Flows****(Expressed in Canadian dollars)****(Unaudited)****Nine Months Ended
September 30,
2021 2020**

Operating activities

Net loss for the period	\$ (553,440)	\$ (276,726)
Adjustments for:		
Share-based compensation (note 8(i))	9,690	-
Unrealized gain on marketable securities	-	(35,000)
Realized loss on marketable securities	-	32,750
Premium recovery on flow-through shares (note 5)	(91,947)	(11,571)
Shares issued for acquisition of mining property (note 6(b)(vi)(vii)(viii))	98,500	14,250
Shares issued for professional services (note 6(b)(ii))	-	4,750
Changes in non-cash working capital items:		
Amounts receivable and other assets	4,991	(20,179)
Amounts payable and other liabilities	(5,938)	31,691
Net cash (used in) operating activities	(538,144)	(260,035)

Investing activities

Proceeds from sale of marketable securities	-	27,250
Net cash provided by investing activities	-	27,250

Financing activities

Proceeds from exercise of options (note 6(b)(iii))	-	14,000
Proceeds from exercise of warrants (note 6(b)(ix))	152,500	-
Proceeds from private placements (note 6(b)(iv)(v))	-	1,000,000
Shares issue costs	-	(67,463)
Net cash provided by financing activities	152,500	946,537

Net change in cash	(385,644)	713,752
Cash, beginning of period	1,075,884	31,389
Cash, end of period	\$ 690,240	\$ 745,141

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Stone Gold Inc. (Formerly CR Capital Corp.)**Condensed Interim Statements of Changes in Equity****(Expressed in Canadian dollars)****(Unaudited)**

	Share capital	Reserves	Accumulated deficit	Total
Balance, December 31, 2020	\$ 25,517,237	\$ 531,450	\$(25,143,304)	\$ 905,383
Shares issued for acquisition of mining property (note 6(b)(vi)(vii)(viii))	98,500	-	-	98,500
Warrants exercised (note 6(b)(ix))	195,195	(42,695)	-	152,500
Share-based compensation (note 8(i))	-	9,690	-	9,690
Net loss for the period	-	-	(553,440)	(553,440)
Balance, September 30, 2021	\$ 25,810,932	\$ 498,445	\$(25,696,744)	\$ 612,633
Balance, December 31, 2019	\$ 24,576,144	\$ 90,748	\$(24,664,492)	\$ 2,400
Shares issued through private placements (note 6(b)(iv)(v))	1,000,000	-	-	1,000,000
Warrants (note 6(b)(iv)(v))	(354,548)	354,548	-	-
Share issued for acquisition of mining property (note 6(b)(i))	14,250	-	-	14,250
Shares issued for professional services (note 6(b)(ii))	4,750	-	-	4,750
Flow-through share premium	(100,000)	-	-	(100,000)
Share issue costs	(67,463)	-	-	(67,463)
Stock options exercised (note 6(b)(iii))	27,832	(13,832)	-	14,000
Net loss for the period	-	-	(276,726)	(276,726)
Balance, September 30, 2020	\$ 25,100,965	\$ 431,464	\$(24,941,218)	\$ 591,211

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Stone Gold Inc. (Formerly CR Capital Corp.)

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

1. Nature of operations and going concern

Stone Gold Inc. (formerly CR Capital Corp.) (the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Ontario Business Corporations Act on December 13, 2002. The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals. The primary office of the Company is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

On August 26, 2020, the Company changed its corporate name from CR Capital Corp. to Stone Gold Inc. The Company's shares commenced trading on the TSX Venture Exchange ("TSXV") under the new name at the opening of trading on September 21, 2020 and under the new trading symbol "STG".

The Company has incurred a loss of \$553,440 for the nine months ended September 30, 2021 (nine months ended September 30, 2020 - loss of \$276,726) and as at September 30, 2021, had limited working capital and an accumulated deficit of \$25,696,744 (December 31, 2020 - \$25,143,304). These conditions indicate the existence of a material uncertainty that casts significant doubt as to whether the Company can continue as a going concern.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. These unaudited condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

The business of acquisition, exploration and evaluation for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company's continued existence is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. To date, our operations have remained stable as the pandemic continues to progress and evolve but it is difficult to predict the full extent and duration of resulting operational and economic impacts for the Company, which are expected to impact a number of reporting periods.

Stone Gold Inc. (Formerly CR Capital Corp.)

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of November 22, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2020, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2021 could result in restatement of these unaudited condensed interim financial statements.

New accounting standards adopted

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

3. Amounts receivable and other assets

	As at September 30, 2021	As at December 31, 2020
Sales tax receivable - Canada	\$ 8,835	\$ 11,984
Prepaid expenses	7,132	8,974
	\$ 15,967	\$ 20,958

Stone Gold Inc. (Formerly CR Capital Corp.)

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

4. Amounts payable and other liabilities

	As at September 30, 2021	As at December 31, 2020
Trade payables	\$ 7,441	\$ 18,915
Accrued liabilities	28,787	23,251
	\$ 36,228	\$ 42,166

The following is an aged analysis of the amounts payable and other liabilities:

	As at September 30, 2021	As at December 31, 2020
Less than 1 month	\$ 36,228	\$ 42,166
	\$ 36,228	\$ 42,166

5. Flow-through share liability

The following is a continuity schedule of the liability of the flow-through shares issuance:

Balance, December 31, 2020	\$ 149,293
Settlement of flow-through share liability by incurring expenditures (i)	(91,947)
Balance, September 30, 2021	\$ 57,346

(i) The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the nine months September 30, 2021, the Company satisfied \$91,947 of the commitment by incurring eligible expenditures of approximately \$264,000 and as a result the flow-through premium has been reduced to \$57,346.

Stone Gold Inc. (Formerly CR Capital Corp.)

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

6. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at September 30, 2021, the issued share capital amounted to \$25,810,932. Changes in issued share capital for the periods presented are as follows:

	Number of common shares	Amount
Balance, December 31, 2019	11,277,335	\$ 24,576,144
Shares issued for acquisition of mineral property (i)	150,000	14,250
Shares issued for professional services (ii)	50,000	4,750
Stock options exercised (iii)	280,000	27,832
Shares issued through private placements (iv)(v)	11,250,000	1,000,000
Warrants (iv)(v)	-	(354,548)
Flow-through share premium	-	(100,000)
Share issue costs	-	(67,463)
Balance, September 30, 2020	23,007,335	\$ 25,100,965
Balance, December 31, 2020	25,777,335	\$ 25,517,237
Shares issued for acquisition of mineral property (vi)(vii)(viii)	930,000	98,500
Warrants exercised (ix)	1,575,000	195,195
Balance, September 30, 2021	28,282,335	\$ 25,810,932

(i) Refer to note 10(i). The fair value was estimated based on the closing price of the Company's share on the date of issue.

(ii) In connection with the option agreement (refer to note 10(i)), the Company paid a finder's fee of 50,000 common shares valued at \$4,750 to Michael Dehn, an arm's length third party, who aided the Company in identifying and acquiring the MJ Property (as defined in note 10(i)).

(iii) On May 15, 2020, 280,000 stock options with an exercise price of \$0.05 and expiry date of April 12, 2024 were exercised for gross proceeds of \$14,000.

Stone Gold Inc. (Formerly CR Capital Corp.)

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

6. Share capital (continued)

b) Common shares issued (continued)

(iv) On July 20, 2020, the Company closed the first tranche ("First Tranche") of the non-brokered private placement for aggregate gross proceeds of \$814,800. The First Tranche consisted of the sale of 5,810,000 units ("Units") at a price of \$0.08 per Unit and 3,500,000 flow-through units ("FT Units") at a price of \$0.10 per FT Unit.

Each FT Unit consists of one flow-through common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "FT Warrant"), with each whole FT Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of \$0.125 for a period of eighteen months following the closing of the offering. Each Unit consists of one common share of the Company and one common share purchase warrant (each a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of \$0.10 for a period of eighteen months following the closing of the offering.

The fair value of the 1,750,000 FT Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of \$0.08; expected dividend yield of 0%; risk-free interest rate of 0.23%; volatility of 128% and an expected life of 1.5 years. The fair value assigned to these FT Warrants was \$65,965.

The fair value of the 5,810,000 Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of \$0.08; expected dividend yield of 0%; risk-free interest rate of 0.23%; volatility of 128% and an expected life of 1.5 years. The fair value assigned to these Warrants was \$241,985.

In connection with the First Tranche eligible finders were paid \$11,760 in cash compensation for their assistance with the First Tranche.

In connection with the First Tranche, Brian Howlett, former President, Chief Executive Officer and Director of the Company, acquired 211,250 Units.

(v) On July 24, 2020, the Company closed the second and final tranche ("Second Tranche") of the non-brokered private placement for aggregate gross proceeds of \$185,200. The Second Tranche consisted of the sale of 440,000 Units at a price of \$0.08 per Unit and 1,500,000 FT Units at a price of \$0.10 per FT Unit.

The fair value of the 750,000 FT Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of \$0.08; expected dividend yield of 0%; risk-free interest rate of 0.24%; volatility of 128% and an expected life of 1.5 years. The fair value assigned to these FT Warrants was \$28,271.

The fair value of the 440,000 Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of \$0.08; expected dividend yield of 0%; risk-free interest rate of 0.24%; volatility of 128% and an expected life of 1.5 years. The fair value assigned to these Warrants was \$18,327.

In connection with the Second Tranche eligible finders were paid \$1,500 in cash compensation for their assistance with the First Tranche.

(vi) Refer to note 10(i). The fair value was estimated based on the closing price of the Company's share on the date of issue.

Stone Gold Inc. (Formerly CR Capital Corp.)

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

6. Share capital (continued)

b) Common shares issued (continued)

(vii) Refer to note 10(ii). The fair value was estimated based on the closing price of the Company's share on the date of issue.

(viii) Refer to note 10(iii). The fair value was estimated based on the closing price of the Company's share on the date of issue.

(ix) On January 13, 2021, 125,000 warrants with an exercise price of \$0.10 and expiry date of January 20, 2022 were exercised for gross proceeds of \$12,500. On January 28, 2021, 1,250,000 warrants with an exercise price of \$0.10 and expiry date of January 20, 2022 were exercised for gross proceeds of \$125,000. On February 22, 2021, 200,000 warrants with an exercise price of \$0.075 and expiry date of October 9, 2021 were exercised for gross proceeds of \$15,000.

7. Warrants

The following table reflects the continuity of warrants for the periods ended September 30, 2021 and September 30, 2020:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2019	950,000	0.075
Issued (note 6(b)(iv)(v))	8,750,000	0.107
Balance, September 30, 2020	9,700,000	0.104
Balance, December 31, 2020	10,830,000	0.127
Exercised (note 6(b)(ix))	(1,575,000)	0.097
Balance, September 30, 2021	9,255,000	0.132

The following table reflects the actual warrants issued and outstanding as of September 30, 2021:

Number of warrants outstanding	Grant date fair value(\$)	Exercise price (\$)	Expiry date
750,000	22,500	0.075	October 9, 2021
1,750,000	42,645	0.125	January 20, 2022
4,315,000	115,157	0.100	January 20, 2022
750,000	18,276	0.125	January 24, 2022
440,000	11,880	0.100	January 24, 2022
1,250,000	132,320	0.300	December 30, 2022
9,255,000	342,778	0.132	

Stone Gold Inc. (Formerly CR Capital Corp.)

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

8. Stock options

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2019	775,000	0.10
Exercised (note 6(b)(iii))	(280,000)	0.05
Balance, September 30, 2020	495,000	0.13
Balance, December 31, 2020	1,495,000	0.14
Granted (i)	100,000	0.11
Balance, September 30, 2021	1,595,000	0.14

(i) On July 12, 2021, the Company granted 100,000 stock options to a director of the Company. All options are exercisable at a price of \$0.11 per common share. The options vest immediately and expire in five years. The grant date fair value of \$9,690 or \$0.0969 per option was valued using the Black-Scholes valuation model with the following assumptions: share price of \$0.11, expected dividend yield of 0%, expected volatility of 138% which is based on historical volatility of the Company's share price, risk-free rate of return of 0.93% and an expected maturity of 5 years. For the three and nine months ended September 30, 2021, \$9,690 was expensed to share-based compensation.

The following table reflects the actual stock options issued and outstanding as of September 30, 2021:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
April 9, 2023	0.15	1.52	375,000	375,000
April 12, 2024	0.05	2.53	120,000	120,000
November 2, 2025	0.15	4.09	950,000	950,000
December 9, 2025	0.17	4.19	50,000	50,000
July 12, 2026	0.11	4.78	100,000	100,000
		3.42	1,595,000	1,595,000

9. Net loss per common share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2021 was based on the loss attributable to common shareholders of \$80,481 and \$553,440, respectively (three and nine months ended September 30, 2020 - loss of \$158,616 and \$276,726, respectively) and the weighted average number of common shares outstanding of 28,282,335 and 27,733,061, respectively (three and nine months ended September 30, 2020 - 20,549,006 and 14,430,139, respectively). Diluted loss per share did not include the effect of 1,595,000 stock options (September 30, 2020 - 495,000 stock options) and 9,255,000 warrants (September 30, 2020 - 9,700,000 warrants) as they are anti-dilutive.

Stone Gold Inc. (Formerly CR Capital Corp.)

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

10. Exploration and evaluation expenditures

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Coppercorp Property				
Property acquisition costs (iii)	\$ -	\$ -	\$ 107,000	\$ -
General and geology	24,302	39,916	71,337	42,052
Geochemistry	-	-	-	-
Laboratory analysis	-	4,228	-	4,228
	\$ 24,302	\$ 44,144	\$ 178,337	\$ 46,280
Mount Jamie North Property				
Property acquisition costs (i)(ii)	\$ -	\$ -	\$ 41,500	\$ 21,750
General and geology	3,640	11,207	55,954	11,207
Geophysics	-	14,512	-	14,512
Drilling	-	-	136,806	-
	\$ 3,640	\$ 25,719	\$ 234,260	\$ 47,469
Total	\$ 27,942	\$ 69,863	\$ 412,597	\$ 93,749

(i) On June 3, 2020, the Company announced it entered into an option agreement with Bounty Gold Corp. ("Bounty"), a private company, to purchase a 100% interest in the Mount Jamie North Property (the "MJ Property") located in Red Lake, Ontario. The MJ Property consists of certain mineral claims located in Todd Township, Red Lake Mining Division, District of Kenora, Northwestern Ontario.

Under the terms of the option agreement, the Company has the option to acquire a 100% interest in the MJ Property by making the following cash payments and share issuances:

- An initial cash payment of \$7,500 (paid) and the issuance of 150,000 common shares of the Company (issued and valued at \$14,250 - refer to note 6(b)(i)) by the seventh day following acceptance of the TSXV (the "Closing");
- A cash payment of \$7,500 (paid) and issuing 150,000 common shares (issued and valued at \$16,500) within 180 days after the Closing; and
- A cash payment of \$10,000 (paid) and issuing 200,000 common shares (issued and valued at \$17,000 - refer to note 6(b)(vi)) within one year after the Closing.

The Company can, at its option, accelerate the cash payments and common share issuances described above. All common share issuances by the Company will be subject to a statutory four-month and a day hold period as per Canadian securities law.

In addition, the Company will pay a 2.0% Net Smelter Return royalty (the "NSR") to Bounty on commencement of commercial production. The Company will have the right, at any time and upon 30 days' notice, to purchase 1.0% of the 2.0% NSR for \$1,000,000.

(ii) On January 12, 2021, the Company entered into an asset purchase agreement with EMX Royalty Corporation ("EMX"), pursuant to which the Company will acquire certain mineral claims in Red Lake, Ontario from EMX. Under the terms of the agreement, EMX will receive a cash payment of \$10,000 (paid), the grant of a 1.5% NSR on the claims and will be issued 30,000 common share of the Company (issued and valued at \$4,500 - refer to note 6(b)(vii)) for 100% ownership of the claims. The acquisition was completed on February 2, 2021.

Stone Gold Inc. (Formerly CR Capital Corp.)

Notes to Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2021
(Expressed in Canadian dollars)
(Unaudited)

10. Exploration and evaluation expenditures (continued)

(iii) On March 10, 2021, the Company announced that it entered into an option agreement (the "East Breccia Option Agreement") to earn a 100% interest in certain mineral claims in Batchewana Bay, Ontario making up the East Breccia project (the "East Breccia Project") and a second option agreement with current claims holders (the "Tribag Option Agreement") to earn a 100% interest in certain minerals claims in Batchewana Bay, Ontario making up the Tribag project (the "Tribag Project").

East Breccia Option Agreement

Under the terms of the East Breccia Option Agreement, the Company has the option to acquire a 100% interest in the East Breccia Project by making the following cash payments and shares issuances:

1. cash payment of \$15,000 (paid) on the day of acceptance of the transaction by the TSXV;
2. issuance of 200,000 common shares of the Company ("Shares") (issued and valued at \$22,000 - refer to note 6(b)(viii)) by the 30th day following the closing;
3. cash payment of \$25,000 and issuance of 200,000 Shares by the first anniversary of the closing;
4. cash payment of \$35,000 and issuance of 200,000 Shares by the second anniversary of the closing;
5. cash payment of \$40,000 and issuance of 100,000 Shares by the third anniversary of the closing; and
6. cash payment of \$50,000 and issuance of 100,000 Shares by the fourth anniversary of the closing.

To further maintain the East Breccia Option Agreement in full force and effect, the Company shall also incur cumulative exploration expenditures on the East Breccia Project of \$300,000 as follows: (1) \$100,000 on or before the second anniversary of the closing; (2) \$100,000 on or before the third anniversary of the closing; and (3) \$100,000 on or before the fourth anniversary of the closing.

Under the terms of the East Breccia Option Agreement, the Company will pay a 2% NSR to the vendors on commencement of commercial production. The Company will have the right, at any time until one year after commercial production to purchase 1% of the 2% NSR for \$1,000,000.

Tribag Option Agreement

Under the terms of the East Breccia Option Agreement, the Company has the option to acquire a 100% interest in the Tribag Project by making the following cash payments and Shares issuances:

1. cash payment of \$15,000 (paid) on the date of execution of the Tribag Option Agreement;
2. issuance of 500,000 Shares (issued and valued at \$55,000 - refer to note 6(b)(viii)) by the 30th day following the closing;
3. cash payment of \$30,000 and issuance of 250,000 Shares by the first anniversary of the execution date;
4. cash payment of \$15,000 and issuance of 250,000 Shares by the second anniversary of the execution date; and
5. cash payment of \$15,000 and issuance of 500,000 Shares by the third anniversary of the execution date.

To further maintain the Tribag Option Agreement in full force and effect, the Company shall also incur cumulative exploration expenditures on the Tribag Project of \$400,000 as follows: (1) \$100,000 on or before the second anniversary of the execution date; (2) \$100,000 on or before the third anniversary of the execution date; and (3) \$200,000 on or before the fourth anniversary of the execution date.

Under the terms of the Tribag Option Agreement, the Company will pay a 2% NSR to the vendors on commencement of commercial production. The Company will have the right, at any time until one year after completion of any bankable feasibility study to purchase 0.5% of the 2% NSR for \$500,000, and at any time until one year after commercial production to purchase an additional 0.5% of the 2% NSR for \$750,000.

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(Expressed in Canadian dollars)
(Unaudited)

11. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Professional fees (note 12)	\$ 19,900	\$ 24,004	\$ 71,412	\$ 69,308
Management compensation (note 12)	18,000	7,500	57,500	27,500
Director fees (note 12)	15,000	12,000	45,000	21,000
Reporting issuer costs	2,268	5,425	21,883	15,735
Shareholder and investors relations	355	4,576	12,903	12,655
Office and general	5,432	2,150	11,941	6,053
Share-based compensation (note 8(i))	9,690	-	9,690	-
Business development	497	44,248	1,697	44,248
Bank charges	278	208	764	299
	\$ 71,420	\$ 100,111	\$ 232,790	\$ 196,798

12. Related party disclosures

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Remuneration of directors and key management personnel (including Chief Executive Officer), Chief Financial Officer ("CFO") and directors), other than consulting fees, of the Company was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Management compensation and salaries and benefits ⁽¹⁾	\$ 37,635	\$ 24,135	\$ 112,905	\$ 62,405
Share-based compensation	\$ 9,690	\$ -	\$ 9,690	\$ -

(1) Salaries and benefits include director fees. The Board of Directors and select officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to fees and stock options for their services. During the three and nine months ended September 30, 2021, \$15,000 and \$45,000, respectively (three and nine months ended September 30, 2020 - \$12,000 and \$21,000, respectively) was paid or accrued for director fees. As at September 30, 2021, officers and directors (excluding the CFO) were owed \$nil (December 31, 2020 - \$1,602) and this amount was included in amounts payable and other liabilities.

The Company entered into the following transactions with related parties:

	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
Marrelli Support Services Inc. ("Marrelli Support")	(i)	\$ 4,500	\$ 5,828	\$ 15,400	\$ 16,284
DSA Filing Services Limited ("DSA")	(ii)	\$ 75	\$ 1,797	\$ 1,704	\$ 3,442
Marrelli Press Release Services Limited ("Press Release")	(iii)	\$ 274	\$ 4,326	\$ 3,718	\$ 4,856

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12. Related party disclosures (continued)

(i) During the three and nine months ended September 30, 2021, the Company paid professional fees of \$4,500 and \$15,400, respectively (three and nine months ended September 30, 2020 - \$5,828 and \$16,284, respectively) to Marrelli Support, an organization of which Carmelo Marrelli is Managing Director. Carmelo Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. As at September 30, 2021, Marrelli Support was owed \$1,784 (December 31, 2020 - \$2,914) and this amount was included in amounts payable and other liabilities.

(ii) During the three and nine months ended September 30, 2021, the Company paid professional fees of \$75 and \$1,704, respectively (three and nine months ended September 30, 2020 - \$1,797 and \$3,442, respectively) to DSA, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. As at September 30, 2021, DSA was owed \$nil (December 31, 2020 - \$339) and this amount was included in amounts payable and other liabilities.

(iii) During the three and nine months ended September 30, 2021, the Company paid professional fees of \$274 and \$3,718, respectively (three and nine months ended September 30, 2020 - \$4,326 and \$4,856, respectively) to Press Release, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of Press Release. These services were incurred in the normal course of operations for press release matters. As at September 30, 2021, Press Release was owed \$nil (December 31, 2020 - \$1,110) and this amount was included in amounts payable and other liabilities.

(iv) Refer to note 6(b)(iv).

All amounts due to related parties are unsecured, non-interest bearing and due on demand.

13. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim financial statements also represent segment amounts. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including geographical location, quantitative thresholds and managerial structure.

14. Commitments

Flow-through shares

Pursuant to the terms of a flow-through share agreement, the Company is in the process of complying with flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As of September 30, 2021, the Company is committed to incurring approximately \$665,000 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2022 arising from the flow-through offerings.

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15. Subsequent events

(i) On October 9, 2021, 750,000 warrants with an exercise price of \$0.075 expired unexercised.

(ii) On November 15, 2021, the Company announced it completed a non-brokered private placement for aggregate gross proceeds of \$500,000. The offering consisted of the sale of 5,000,000 units at a price of \$0.10 per unit. Each unit consists of one common share of the Company, and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share of the Company at a price of \$0.15 for a period of twenty-four months following the closing of the offering. The Company can elect to accelerate the expiry of the warrants in the event that the volume-weighted average trading price of the shares on a stock exchange equals or exceeds \$0.30 for twenty consecutive trading days, in which case the warrants will expire thirty days after the date that the Company provides written notice of acceleration. The proceeds from the issuance of the units will be used primarily for exploration activities at the Company's properties, as well as for general corporate purposes. In connection with the offering, eligible finders were paid \$10,500 in cash compensation for their assistance with the offering. The offering is subject to receipt of all necessary regulatory approvals, including approval of the TSXV. The securities issued pursuant to the offering will be subject to a statutory hold period of four months and one day in accordance with applicable securities laws.