



## **Group Eleven Resources Corp.**

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2021

Expressed in Canadian Dollars

(Unaudited)

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING**

The accompanying condensed consolidated interim financial statements of Group Eleven Resources Corp. ("the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

**GROUP ELEVEN RESOURCES CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

As at

	September 30, 2021	December 31, 2020
<b>Assets</b>		
Current Assets		
Cash	\$ 1,177,104	\$ 2,282,719
Prepaid expenses	30,876	51,653
Other receivables	42,161	81,682
Total Current Assets	1,250,141	2,416,054
Non-Current Assets		
Equipment (Note 3)	7,268	11,061
Exploration and evaluation assets (Note 4)	8,897,821	8,897,821
<b>Total Assets</b>	<b>\$ 10,155,230</b>	<b>\$ 11,324,936</b>
<b>Liabilities and Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5,10)	\$ 167,797	\$ 473,592
Exploration partner advances	225,823	238,136
Total Current Liabilities	393,620	711,728
Non-Current Liabilities		
Government loan payable	40,000	40,000
Total Non-Current Liabilities	40,000	40,000
<b>Total Liabilities</b>	<b>433,620</b>	<b>751,728</b>
<b>Equity</b>		
Share capital (Note 6)	18,088,060	17,367,286
Reserves (Note 6)	866,253	801,420
Deficit	(12,311,921)	(10,704,910)
Total Shareholders' Equity	6,642,392	7,463,796
Non-controlling interest (Note 7)	3,079,218	3,109,412
<b>Total Equity</b>	<b>9,721,610</b>	<b>10,573,208</b>
<b>Total Liabilities and Equity</b>	<b>\$ 10,155,230</b>	<b>\$ 11,324,936</b>

**Nature and continuance of operations (Note 1)**

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

**GROUP ELEVEN RESOURCES CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
<b>Operating expenses</b>				
Exploration expenditures (Note 4 and 10)	\$ 177,297	\$ 267,143	\$ 668,996	\$ 492,168
Salaries and benefits (Note 10)	147,173	128,553	422,265	388,250
General and administrative	27,668	16,802	34,080	79,027
Marketing and investor relations	31,959	61,731	108,125	115,433
Professional fees (Note 10)	27,272	27,574	72,050	51,344
Depreciation (Note 3)	1,265	1,265	3,793	4,200
Foreign exchange loss	232,659	4,427	291,144	12,286
Interest income	271	(14)	(1,850)	(14)
Share-based payments (Note 6)	12,867	20,228	38,602	64,471
<b>Loss and comprehensive loss for the period</b>	<b>\$ (658,431)</b>	<b>\$ (527,709)</b>	<b>\$ (1,637,205)</b>	<b>\$ (1,207,165)</b>
<b>Loss attributable to:</b>				
Shareholders	(649,314)	(499,640)	(1,607,011)	(1,142,949)
Non-controlling interest (Note 7)	(9,117)	(28,069)	(30,194)	(64,216)
	<b>(658,431)</b>	<b>(527,709)</b>	<b>(1,637,205)</b>	<b>(1,207,165)</b>
<b>Basic and diluted loss per common share attributable to shareholders</b>	<b>(\$0.00)</b>	<b>(\$0.01)</b>	<b>(\$0.01)</b>	<b>(\$0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>137,469,836</b>	<b>104,517,013</b>	<b>136,961,885</b>	<b>84,468,146</b>

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

**GROUP ELEVEN RESOURCES CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

	Share Capital		Reserves	Deficit	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount					
<b>Balance, December 31, 2019</b>	<b>72,559,504</b>	<b>\$ 14,307,404</b>	<b>\$ 620,689</b>	<b>\$ (8,843,534)</b>	<b>\$ 6,084,559</b>	<b>\$ 2,893,482</b>	<b>\$ 8,978,041</b>
Shares issued for private placement	41,833,333	2,350,000	–	–	2,350,000	–	2,350,000
Share issuance costs	–	(23,811)	–	–	(23,811)	–	(23,811)
Share issuance costs – agents' warrants	–	(13,217)	13,217	–	–	–	–
Share-based payments	–	–	64,471	–	64,471	–	64,471
Loss for the period	–	–	–	(1,142,949)	(1,142,949)	(64,216)	(1,207,165)
<b>Balance, September 30, 2020</b>	<b>114,392,837</b>	<b>16,620,376</b>	<b>698,377</b>	<b>(9,986,483)</b>	<b>7,332,270</b>	<b>2,829,266</b>	<b>10,161,536</b>
Shares issued for private placement	11,584,615	753,000	–	–	753,000	–	753,000
Share-based payments	–	–	40,950	–	40,950	–	40,950
Deferred share units	–	–	56,003	–	56,003	–	56,003
Contribution from non-controlling interest	–	–	–	–	–	325,937	325,937
Loss for the period	–	–	–	(718,427)	(718,427)	(45,791)	(764,218)
<b>Balance, December 31, 2020</b>	<b>125,977,452</b>	<b>\$ 17,367,286</b>	<b>\$ 801,420</b>	<b>\$ (10,704,910)</b>	<b>\$ 7,463,796</b>	<b>\$ 3,109,412</b>	<b>\$ 10,573,208</b>
Shares issued for private placement	11,492,384	747,005	–	–	747,005	–	747,005
Warrants issued for private placement	–	(26,231)	26,231	–	–	–	–
Share-based payments	–	–	38,602	–	38,602	–	38,602
Loss for the period	–	–	–	(1,607,011)	(1,607,011)	(30,194)	(1,637,205)
<b>Balance, September 30, 2021</b>	<b>137,469,836</b>	<b>\$ 18,088,060</b>	<b>\$ 966,253</b>	<b>\$ (12,311,921)</b>	<b>\$ 6,642,392</b>	<b>\$ 3,079,218</b>	<b>\$ 9,721,610</b>

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

**GROUP ELEVEN RESOURCES CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited – Expressed in Canadian Dollars)

For the nine months ended September 30

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,637,205)	\$ (679,456)
Items not affecting cash:		
Depreciation	3,793	2,935
Foreign currency (gain) loss	(12,313)	–
Share-based payments	38,602	44,243
Changes in non-cash working capital items:		
Prepaid expenses	20,777	15,315
Other receivables	39,521	64,455
Accounts payable and accrued liabilities	(305,795)	(30,890)
<b>Net cash used in operating activities</b>	<b>(1,852,620)</b>	<b>(583,398)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from shares issuances	747,005	750,000
Contributions from JV Partner	–	117,204
Government loan payable	–	40,000
<b>Net cash provided by financing activities</b>	<b>747,005</b>	<b>907,204</b>
<b>Change in cash and cash equivalents</b>	<b>(1,105,615)</b>	<b>323,806</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>2,282,719</b>	<b>862,018</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 1,177,104</b>	<b>\$ 1,185,824</b>
<b>Cash and cash equivalents is represented by:</b>		
Cash	1,167,104	1,175,824
Cash equivalents	10,000	10,000
	<b>\$ 1,804,804</b>	<b>\$ 1,185,824</b>

**Supplemental Cash Flow Information:**

Agents warrants issued for payment of financing fees	26,231	–
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The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## **GROUP ELEVEN RESOURCES CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at September 30, 2021

### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Group Eleven Resources Corp. (the "Company" or "GERC") was incorporated under the laws of the Province of British Columbia, Canada on November 25, 2016, and its principal business activity is the exploration and evaluation of mineral properties. The Company's corporate office is located at 1050 – 400 Burrard Street, Vancouver, British Columbia. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol ZNG.

These condensed consolidated interim financial statements are prepared on a 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 for the foreseeable future. The Company has incurred ongoing losses since inception and has no source of recurring revenue. The success of the Company is dependent upon the ability of the Company to obtain necessary financing to continue their exploration and development activities, the confirmation of economically recoverable reserves, and upon establishing future profitable production, or realization of proceeds on disposal. These condensed consolidated interim financial statements do not give effect to the adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern.

Management recognizes that the Company will need to raise additional funds to maintain its current level of operations and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. Factors that affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global markets and mining and zinc sector in particular. A failure to raise capital when required could have a material adverse effect on the Company's business, financial condition and results of operations as well as cause a deferral or delay in the current exploration projects or loss of currently held mineral properties. Management estimates that its current working capital and subsequent financing will be sufficient to maintain the Company's operations and activities for the upcoming fiscal year.

Further, the COVID-19 pandemic continues to persist in many countries since it was declared a global outbreak in March 2020. The pandemic has impeded global economic recovery and created volatilities in commodity prices and financial markets. Uncertainty continues surrounding the pandemic and its extent and duration. While the Company has put in place the necessary health and safety protocols and has been able to continue to operate, the COVID-19 pandemic may restrict movement of people and services in the future, impact the Company's continued operations on its mineral projects and, thereby limit its ability to obtain the required financing to continue as a going concern.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### *(a) Basis of Presentation*

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using the same accounting policies and methods of application as the audited annual consolidated financial statements for the year ended December 31, 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Accordingly, certain information and footnote disclosure normally included in annual financial statements have been omitted or condensed.

These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2020.

On November 26, 2021, the Board of Directors of the Company approved these condensed consolidated interim financial statements for the nine months ended September 30, 2021 and 2020.

**GROUP ELEVEN RESOURCES CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at September 30, 2021

*(b) Basis of Consolidation*

These condensed consolidated interim financial statements include the accounts of the Company, its wholly owned subsidiaries, Group Eleven Resources Ltd. ("GERL") and Group Eleven Mining and Exploration Inc. ("GEME"), a 60% interest in Ballinalack Resources Limited ("BRL"), and a 76.56% interest in TILZ Minerals Ltd., all incorporated in Dublin, Ireland. All inter-company transactions and accounts have been eliminated upon consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

**3. EQUIPMENT**

	Computer Equipment	Computer Software	Exploration Equipment	Total
<b>Cost</b>				
Balance, January 1, 2020	\$ 5,410	\$ 13,190	\$ 25,294	\$ 43,894
Balance, December 31, 2020	5,410	13,190	25,294	43,894
<b>Balance, September 30, 2021</b>	<b>\$ 5,410</b>	<b>\$ 13,190</b>	<b>\$ 25,294</b>	<b>\$ 43,894</b>
<b>Accumulated Depreciation</b>				
Balance, January 1, 2020	\$ 5,003	\$ 13,190	\$ 9,175	\$ 27,368
Depreciation	407	–	5,058	5,465
Balance, December 31, 2020	5,410	13,190	14,233	32,833
Depreciation	–	–	3,793	3,793
<b>Balance, September 30, 2021</b>	<b>\$ 5,410</b>	<b>\$ 13,190</b>	<b>\$ 18,026</b>	<b>\$ 36,626</b>
<b>Net Book Value</b>				
Balance, December 31, 2020	\$ –	\$ –	\$ 11,061	\$ 11,061
<b>Balance, September 30, 2021</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ 7,268</b>	<b>\$ 7,268</b>

**4. EXPLORATION AND EVALUATION ASSETS**

All of the Company's exploration and evaluation assets are located in Ireland.

	Cumulative to December 31, 2019		Cumulative to December 31, 2020		Expenditures during the period	Cumulative to September 30, 2021
Acquisition costs		Expenditures during the year				
Exploration and evaluation assets acquired	\$ 8,897,821	\$ –	\$ 8,897,821	\$ –	\$ –	\$ 8,897,821
<b>Total acquisition costs</b>	<b>\$ 8,897,821</b>	<b>\$ –</b>	<b>\$ 8,897,821</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ 8,897,821</b>
Exploration expenditures	Cumulative to December 31, 2019	Expenditures during the year	Cumulative to December 31, 2020	Expenditures during the period	Cumulative to September 30, 2021	
Assays	\$ 291,017	\$ 38,331	\$ 329,348	\$ 38,609	\$ 367,957	
Data compilation	600,688	192,315	793,003	138,623	931,626	
Drilling	962,689	398,555	1,361,244	222,617	1,583,861	
Equipment	334,655	49,670	384,325	75,473	459,798	
Fieldwork and supplies	293,969	5,847	299,816	12,490	312,306	
Geology consulting	151,297	34,521	185,818	59,458	245,276	
Geophysical surveys	521,853	64,514	586,367	30,220	616,587	
License fees	236,783	5,355	242,138	29,936	272,074	
Technical supervision	128,449	78,431	206,880	61,570	268,450	
<b>Total exploration expenditures</b>	<b>\$ 3,521,400</b>	<b>\$ 867,539</b>	<b>\$ 4,388,939</b>	<b>\$ 668,996</b>	<b>\$ 5,057,935</b>	

**GROUP ELEVEN RESOURCES CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at September 30, 2021

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2021	December 31, 2020
Accounts payable	\$ 71,632	\$ 356,021
Accrued liabilities	96,165	117,571
<b>Accounts payable and accrued liabilities</b>	<b>\$ 167,797</b>	<b>\$ 473,592</b>

**6. SHARE CAPITAL***a) Share capital***Authorized:** an unlimited number of common shares with no par value.**Issued:** 137,469,836 common shares.

On January 11, 2021, the Company closed a non-brokered private placement of 11,492,384 common shares at a subscription price of \$0.065 per common share, for total proceeds of \$747,005. Glencore subscribed for 6,097,615 shares in the private placement. The Company issued 323,686 non-transferable finder's warrants related to a portion of the private placement to parties at arm's length to the Company. Each finder's warrant entitles a finder to purchase one common share at a price of \$0.065 per share for two years from the date of issue.

*b) Stock options*

The Company did not grant any stock options during the nine months ended September 30, 2021 and 2020. Total share-based payments expense recognized for options granted and vested during the nine months ended September 30, 2021 was \$38,602 (2020 - \$64,471). Stock option transactions are summarized as follows.

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2019	4,220,000	\$ 0.19
Granted	1,535,000	0.09
Expired	(1,005,000)	0.17
Balance, December 31, 2020	4,750,000	0.16
<b>Balance, September 30, 2021</b>	<b>4,750,000</b>	<b>\$ 0.16</b>

Number of Options Outstanding	Weighted Average Remaining Life (Years)	Exercise Price (\$)	Number of Options Currently Exercisable	Expiration Date
540,000	1.05	0.08	360,000	October 17, 2022
300,000	1.39	0.40	300,000	February 19, 2023
2,175,000	1.93	0.20	2,175,000	September 6, 2023
200,000	1.93	0.20	200,000	September 6, 2023
1,535,000	4.01	0.09	511,667	October 2, 2025

*c) Restricted Share Units (RSU)*

On July 2, 2019, the Company adopted an RSU plan for directors, officers, employees and consultants of the Company. Under the terms of the plan, each vested RSU awarded entitles the RSU holder to receive, subject to adjustment as provided for in the RSU Plan, either one common share in the Company or, at the Company's option, an equivalent cash payment. The RSUs are considered equity settled. RSUs will vest over a period of up to three years from the date of grant. The Company has reserved 2,000,000 common shares for issuance under the RSU Plan, subject to

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Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at September 30, 2021

the total RSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company. The Company has not issued any RSUs since adopting the RSU plan.

RSUs are measured at fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant and are recognized as share-based compensation expense on a straight-line basis over the vesting period. The corresponding amount is recorded to the share-based payment reserve. Upon the exercise of RSUs, the related share-based payment reserve is transferred to share capital.

*d) Deferred Share Units (DSU)*

On July 2, 2019, the Board amended the terms of the DSU Plan. Under the terms of the amended DSU Plan, each vested DSU awarded entitles the DSU holder to receive, subject to adjustment as provided for in the DSU Plan, either one common share in the Company or, at the option of the Company, an equivalent cash payment. Shares eligible for issuance under the DSU Plan will be subject to the total DSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

For the purposes of the DSU Plan, the value of the DSU on the grant date is the market price, being the five-day volume weighted average price of the common shares immediately preceding the grant date. If the common shares are not trading on the TSX-V, then the Market Value shall be determined in the same manner based on the trading price on such stock exchange or over-the-counter market on which the common shares are listed and posted for trading as may be selected for such purpose by the Board. The Company did not grant any DSU's for the nine months ended September 30, 2021. Total DSU's outstanding as at September 30, 2021 was 1,166,666 (September 30, 2020 – 500,000)

*e) Warrants*

Warrant transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Balance, December 31, 2019	6,257,753	\$ 0.24
Issued – Private Placement	20,916,667	0.11
Issued – Broker	394,757	0.12
Balance, December 31, 2020	27,569,177	\$ 0.14
Issued – Private Placement	323,686	0.07
Expired	(2,057,753)	0.24
<b>Balance, September 30, 2021</b>	<b>25,835,110</b>	<b>\$ 0.13</b>

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

Number of Warrants	Exercise Price (\$)	Remaining Life (Years)	Expiry Date
4,200,000	0.24	1.03	October 11, 2022
323,686	0.07	1.27	January 6, 2023
1,100,000	0.10	1.65	May 25, 2023
6,400,000	0.10	1.75	June 29, 2023
500,000	0.10	1.75	July 2, 2023
13,311,424	0.12	1.82	July 28, 2023

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Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at September 30, 2021

**7. NON-CONTROLLING INTEREST**

	<b>Ballinalack Resources Limited</b>	<b>TILZ Minerals Limited</b>	<b>Total</b>
Non-controlling interest, December 31, 2019	2,233,463	660,019	2,893,482
Share of loss	(38,028)	(71,979)	(110,007)
Contribution from non-controlling interest	228,255	97,682	325,937
Non-controlling interest, December 31, 2020	\$ 2,423,690	\$ 685,722	\$ 3,109,412
Share of loss	(6,560)	(23,634)	(30,194)
<b>Non-controlling interest, September 30, 2021</b>	<b>2,417,130</b>	<b>662,088</b>	<b>3,079,218</b>

The following table presents the non-controlling interest as at September 30, 2021 and December 31, 2020. The information below is before inter-company eliminations.

<b>As at September 30, 2021</b>	<b>Ballinalack Resources Limited</b>	<b>TILZ Minerals Limited</b>	<b>Total</b>
Non-controlling interest percentage	40%	23.44%	
<b>Assets</b>			
Current	\$ 151,041	\$ 42,225	\$ 193,266
Non-current	6,086,296	2,811,525	8,897,821
	6,237,337	2,853,750	9,091,087
<b>Liabilities</b>			
Current	237,623	68,897	306,520
	237,623	68,897	306,520
<b>Net Assets</b>	\$ 5,999,714	\$ 2,784,853	\$ 8,784,567
<b>Non-controlling interest</b>	\$ 2,417,130	\$ 662,088	\$ 3,079,218

<b>As at December 31, 2020</b>	<b>Ballinalack Resources Limited</b>	<b>TILZ Minerals Limited</b>	<b>Total</b>
Non-controlling interest percentage	40%	23.44%	
<b>Assets</b>			
Current	\$ 178,660	\$ 209,335	\$ 387,995
Non-current	6,086,296	2,811,525	8,897,821
	6,264,956	3,020,860	9,285,816
<b>Liabilities</b>			
Current	252,861	132,319	385,180
	252,861	132,319	385,180
<b>Net Assets</b>	\$ 6,012,095	\$ 2,888,541	\$ 8,900,636
<b>Non-controlling interest</b>	\$ 2,423,690	\$ 685,722	\$ 3,109,412

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Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at September 30, 2021

The following table presents the loss and comprehensive loss attributable to non-controlling interest:

<b>Nine months ended</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ 1,637,205</b>	<b>\$ 1,207,165</b>
<b>Loss attributable to non-controlling interest</b>		
Ballinalack Resources Limited	6,560	32,534
TILZ Minerals Ltd.	23,634	31,682
	<b>\$ 30,194</b>	<b>\$ 64,216</b>

**8. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The Company monitors its adjusted capital which comprises all components of equity. The Company manages and adjusts its capital structure based on current economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the three months ended September 30, 2021.

**9. FINANCIAL RISK MANAGEMENT**

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. On September 30, 2021, the Company had working capital of \$1,105,615 (December 31, 2020 - \$1,704,326). Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

*Foreign exchange risk*

The Company's functional currency is the Canadian dollar. There is a foreign exchange risk to the Company as its exploration and evaluation property interests and resulting future commitments are located in Ireland. The Euro translation rate has experienced volatility over the last several years as a result of monetary policies adopted by the European Central Bank. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company has a policy of not engaging in hedging activities to address this foreign currency risk. At September 30, 2021, the Company had Euro denominated current assets of €660,592 and Euro denominated current liabilities of €210,824. Accordingly, a 10% change in the foreign exchange rate would result in a \$66,569 credit or charge to operations.

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. There is no interest rate risk related to the Company's financing liability. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with a Canadian chartered bank. The Company considers this risk to be immaterial.

*Commodity price risk*

While the value of the Company's exploration and evaluation assets is related to the price of zinc and other minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks with respect to its operational activities. Zinc and other mineral prices have historically fluctuated widely and are affected by numerous factors outside

## GROUP ELEVEN RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at September 30, 2021

of the Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for zinc, changes in manufacturing and construction activity as well as other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

### *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 fair value of the Company's other receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of the financial instruments. The Company's cash is measured at fair value using Level 1 inputs.

## 10. RELATED PARTY BALANCES AND TRANSACTIONS

The 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 executive and non-executive members of the Company's Board of Directors and corporate officers.

Their remuneration includes the following:

<b>Nine months Ended September 30</b>	<b>2021</b>	<b>2020</b>
Salaries and benefits	\$ 354,589	\$ 342,524
Professional fees	15,750	13,187
Share-based payments	13,426	46,876
<b>Total</b>	<b>\$ 383,765</b>	<b>\$ 402,587</b>

For the nine months ended September 30, 2021, \$61,571 (2020 - \$46,659) of salaries and benefits were recorded in exploration and evaluation expense. At September 30, 2021, accounts payable and accrued liabilities include \$60,000 (2020 - \$60,000) payable to directors of the Company.

## 11. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief executive officer, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company undertakes administrative activities in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in Ireland. Accordingly, the Company's operations are in one commercial and two geographic segments. The Company's Equipment (Note 3) and Exploration and Evaluation Assets (Note 4) are held by the Company in Ireland. The remaining assets, including cash and cash equivalents, prepaids and receivables, reside in both of the Company's two geographic locations. The Company is not exposed to significant operating risks as a consequence of the concentration of its assets in Ireland.