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**XANDER RESOURCES INC.**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**Six Months Ended September 30, 2021 and 2020**  
**(Unaudited – Prepared by Management)**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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

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

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

November 26<sup>th</sup>, 2021



**XANDER RESOURCES INC.**  
Interim Condensed Statements of Financial Position  
As at September 30, 2021 and 2020  
(Expressed in Canadian dollars)

	Note	September 30, 2021	March 31, 2021	March 31, 2020
<b>ASSETS</b>				
Current assets				
Cash		\$166,378	\$ 638,176	\$ 452
Prepaid expenses		71,815	66,511	5,200
Taxes receivable		19,551	23,151	2,800
Total current assets		257,744	727,838	8,452
Total assets		\$ 257,744	\$ 727,838	\$ 8,452
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	5	\$ 149,969	\$ 43,569	\$ 60,745
Due to related parties	6	8,585	13,068	77,319
Total current liabilities		158,554	56,637	138,064
Non-current liabilities				
Liability component of convertible debentures		9,713	9,491	-
Total non-current liabilities		9,713	9,491	138,064
Total liabilities		168,267	66,128	138,064
<b>EQUITY</b>				
Share capital	8	3,413,234	3,167,447	1,106,112
Reserves	9	450,208	432,573	104,966
Conversion component of convertible debentures	7	901	901	-
Deficit		(3,774,866)	(2,939,211)	(1,340,690)
Total equity		89,477	661,710	(129,612)
Total liabilities and equity		\$ 257,744	\$ 727,838	\$ 8,452

Nature of operations and going concern (Note 1)

Subsequent Events (Note 14)

Approved and authorized for issue by the Board of Directors on November 26<sup>th</sup>, 2021:

“Dwayne Yaretz”

Dwayne Yaretz, Director

“Marsha Panar”

Marsha Panar, Director

Accompanying notes are an integral part of these interim condensed financial statements.



**XANDER RESOURCES INC.**

Interim Condensed Statements of Loss and Comprehensive loss  
As at September 30, 2021 and 2020  
(Expressed in Canadian dollars)

	Note	Three months ended		Six months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Expenses:</b>					
Exploration and Evaluation Expenditures		\$ 118,048	\$ 390,039	\$ 519,255	\$ 453,211
Consulting and Management fees	6	51,800	169,875	97,919	245,875
Share-based payments	6	32,929	86,700	55,192	175,700
Advertising and promotion		42,598	-	53,723	-
Property investigation		-	-	50,404	-
Professional fees	6	20,232	35,576	29,232	43,026
Transfer agent and filing fees		13,756	169,860	27,701	189,495
Office and miscellaneous		731	881	1,202	3,621
Loss before other expenses		(280,094)	(462,892)	(834,628)	(657,717)
Other income (expenses):					
Foreign exchange gain (loss)		(3)	-	(304)	-
Gain on debt settlement		-	-	-	3,553
Interest expenses	7	(252)	(1,068)	(501)	(2,485)
Interest accretion		(112)	(2,136)	(222)	(2,491)
Net and comprehensive loss		\$ (280,461)	\$ (466,096)	\$ (835,655)	\$ (659,140)
Net loss per share, basic and diluted		\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.05)
Weighted average number of shares outstanding		24,660,206	16,515,980	24,436,102	14,119,007

Accompanying notes are an integral part of these interim condensed financial statements


**XANDER RESOURCES INC.**

Interim Condensed Statements of Changes in Equity  
 As at September 30, 2021 and 2020  
 (Expressed in Canadian dollars)

	Share Capital			Reserves		Equity component of convertible debentures	Deficit	Total
	Number of shares	Amount	Shares to be issued	Share-based payment reserve	Warrants			
	(Note 8)			(Note 9)				
<b>Balance March 31, 2019</b>	11,292,541	\$1,091,531		\$ 230,195	\$ 1,766	\$ -	\$(901,158)	\$422,334
Net and comprehensive loss	-	-	-	-	-	-	(57,278)	(57,278)
Fair value of options vested	-	-	-	3,787	1,766	-	-	3,787
<b>Balance September 30, 2019</b>	11,292,541	\$1,091,531		\$ 233,982	\$ 1,766	-	(958,436)	\$368,843
<b>Balance March 31, 2020</b>	<b>11,342,541</b>	<b>\$ 1,106,112</b>	<b>\$ -</b>	<b>\$ 103,200</b>	<b>\$ 1,766</b>	<b>\$ -</b>	<b>\$(1,340,690)</b>	<b>\$ (129,612)</b>
Net and comprehensive loss	-	-	-	-	-	-	(1,112,351)	(1,112,351)
Issue of shares pursuant to private placement	4,784,000	976,400	-	-	-	-	-	976,400
Share issue costs	-	(103,498)	-	-	53,500	-	-	(49,998)
Shares issued for stock options exercised	350,000	17,500	-	-	-	-	-	17,500
Reserve transferred for exercise of share options	-	14,000	-	(14,000)	-	-	-	-
Reserve transferred for exercise of warrants	-	1,766	-	-	(1,766)	-	-	-
Conversion component of convertible debentures	-	-	-	-	-	6,755	-	6,755
Conversion of Convertible Debentures	696,559	37,935	-	-	-	(3,107)	-	34,828
Funds received for shares to be issued	-	-	30,000	-	-	-	-	30,000
Share issuance for debt settlement	236,842	41,447	-	-	-	-	-	41,447
Share issued for mineral properties	1,185,000	325,600	-	-	-	-	-	325,600
Fair value of options vested	-	-	-	175,700	-	-	-	175,700
<b>Balance, September 30, 2020</b>	<b>19,053,542</b>	<b>\$ 2,508,982</b>	<b>\$ 30,000</b>	<b>\$ 264,900</b>	<b>\$ 53,500</b>	<b>\$ 3,648</b>	<b>\$(2,453,041)</b>	<b>\$ 407,989</b>
<b>Balance, March 31, 2021</b>	<b>23,443,206</b>	<b>\$ 3,167,447</b>	<b>\$ -</b>	<b>\$ 328,095</b>	<b>\$ 104,478</b>	<b>\$ 901</b>	<b>\$(2,939,211)</b>	<b>\$ 661,710</b>
Net and comprehensive loss	-	-	-	-	-	-	(835,655)	(835,655)
Shares issued for exploration and evaluation assets	867,000	160,730	-	-	-	-	-	160,730
Shares issued for stock options exercised	350,000	47,500	-	-	-	-	-	47,500
Fair value of stock options exercised	-	37,557	-	(37,557)	-	-	-	-
Fair value of options vested	-	-	-	55,192	-	-	-	55,192
<b>Balance, September 30, 2021</b>	<b>24,660,206</b>	<b>\$ 3,413,234</b>	<b>\$ -</b>	<b>\$ 345,730</b>	<b>\$ 104,478</b>	<b>\$ 901</b>	<b>\$(3,774,866)</b>	<b>\$ 89,477</b>

Accompanying notes are an integral part of these interim condensed financial statements

**XANDER RESOURCES INC.**

Interim Condensed Statements of Cash Flows  
Six months ended September 30, 2021 and 2020  
(Expressed in Canadian dollars)

	<b>Six months ended</b>	
	<b>September 30, 2021</b>	September 30, 2020
Cash Provided By (Used In)		
Operating Activities		
Net and comprehensive loss for the period	<b>\$ (835,655)</b>	<b>\$ (1,112,351)</b>
Items not affecting cash:		
Share-based payments	<b>55,192</b>	175,700
Shares Issued for mineral property	<b>160,730</b>	325,600
Interest expense	<b>501</b>	-
Gain on debt settlement	-	(3,553)
Interest on FT share premium	<b>222</b>	-
Interest paid in shares	-	328
Interest accretion	-	2,491
Changes in working capital:		
Goods and services tax receivable	<b>3,600</b>	(24,307)
Prepaid expenses and deposits	<b>(5,304)</b>	(509)
Accounts payable and accrued liabilities	<b>105,899</b>	23,480
Due to related parties	<b>(4,483)</b>	(8,924)
Net cash used in operating activities	<b>(519,298)</b>	(622,045)
Financing Activities		
Proceeds received from shares	-	926,402
Proceeds from Issuance of Convertible Debentures	-	75,000
Proceeds from exercise of options	<b>47,500</b>	17,500
Proceeds from exercise of warrants	-	91,720
Net cash provided by financing activities	<b>47,500</b>	1,110,622
Increase (decrease) in cash	<b>(471,798)</b>	488,577
Cash, beginning of the period	<b>638,176</b>	452
Cash, end of the period	<b>\$ 166,378</b>	<b>\$ 489,029</b>

Additional cash flow information (Note 11)

Accompanying notes are an integral part of these interim condensed financial statements



## **XANDER RESOURCES INC.**

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the periods ended September 30, 2021 and 2020

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Xander Resources Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia, Canada on December 9, 2010. The head office, principal address and records office of the Company are located at Suite 400 – 1681 Chestnut Street, Vancouver, BC V6J 4M6. The Company’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the symbol “XND.V”.

The Company is engaged in the exploration and development of mineral resources, currently focusing on projects in Quebec. At this time, the Company does not own any operating mines and has no operating income from mineral production. Funding for operations is raised primarily through public and private share offerings. It is not known whether the Company’s mineral properties contain reserves that are economically recoverable.

These interim condensed financial statements (the “Financial Statements”) have been prepared with the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

Management expects to be successful in arranging sufficient funding to meet operating commitments for the ensuing year. However, the Company’s future capital requirements will depend on many factors, including the costs of exploring and developing its resource properties, operating costs, the current capital market environment and global market conditions. As at September 30, 2021, the Company has a working capital of \$99,190 (2020 – \$671,201) and a cumulative deficit of \$3,774,866 (2020 – 2,939,211). Consequently, there is a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. For significant expenditures and resource property development, the Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company’s operating commitments and further exploration and development plans. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and ultimately generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and has adversely affected global workforces, financial markets, and the general economy. It is not possible for the Company to determine the duration or magnitude of the adverse results of COVID-19 nor its effects on the Company’s business or operations. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2021.

### **2. BASIS OF PRESENTATION**

The Financial statements were authorized for issue on November 26<sup>th</sup>, 2021, by the directors of the Company.

#### Statement of compliance to International Financial Reporting Standards

The Financial statements of the Company, including comparative disclosure, have been prepared in accordance with International Accounting Standards (“IASs”) 34 ‘Interim Financial Reporting’ issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), and in accordance with the same accounting policies and

## **2. BASIS OF PRESENTATION (continued)**

### Statement of compliance to International Financial Reporting Standards (continued)

methods of computation as compared with the most recent annual financial statements, being for the year ended March 31, 2021.

### Basis of preparation

The Company's Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 12, and are presented in Canadian dollars except where otherwise indicated.

The functional currency of the Company is the Canadian dollar.

### Significant accounting estimates and assumptions

The preparation of the Company's Financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the recoverability and measurement of deferred tax asset, and provisions for restoration and environmental obligations. Actual results may differ from current estimates.

### Significant accounting judgments

Information about critical judgments, apart from those involving estimates, in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the Financial statement are discussed below:

### Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding availability for its exploration projects and working capital requirements.

### Change in accounting policy

During the year ended March 31, 2021, the Company retrospectively changed its accounting policy for mineral property and deferred exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of exploration and evaluation assets to the specific exploration and evaluation assets, net of recoveries received.

Under the new policy, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. As required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the Company included the restated statement of financial position as at April 1, 2019 below. Management considers this accounting policy is more in line with the IFRS conceptual framework.

**XANDER RESOURCES INC.**

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the periods ended September 30, 2021 and 2020

**2. BASIS OF PRESENTATION (continued)**

The financial statement impact as at April 1, 2019 is as follows:

	As at April 1, 2019		
	As previously reported	Effect of change in accounting policy	As restated
Property interest	\$ 452,236	\$ (452,236)	\$ -
Total assets	489,644	(452,236)	37,408
Accumulated deficit	(901,158)	(452,236)	(1,353,394)
Total shareholders equity (deficiency)	422,334	(452,236)	(29,902)
Total liabilities and shareholders' equity (deficiency)	\$ 489,644	\$ (452,236)	\$ 37,408

The Company re-evaluated the policy for accounting for such expenditures as a result of the current economic climate and difficult environment for capital funding in the junior mining industry. The Corporation has determined that such a voluntary change in accounting policy results in financial statements providing more reliable and more relevant information.

The change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets, and is an accepted and most widely used accounting policy choice and practice in the mining industry and this change will enhance the comparability of our financial statements to our peers and make our financial statements more relevant to the economic decision making needs of users. The Company concluded that, although the previous accounting treatment was within acceptable accounting standards, it is preferable to expense costs as incurred, given the subjectivity in determining the recoverable amount and technical feasibility and commercial viability, the expected economic life, and the associated depreciation methodology.

This change in accounting policy has been accounted for on a retrospective basis and applied to all of the Company's exploration activities for all properties.

No impact to the statement of financial position as the Company's mineral properties were previously written off as at March 31, 2020, and no expenditures were capitalized during the periods ended March 31 and September 30, 2021.

These Financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and the consolidated statements of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.



## **XANDER RESOURCES INC.**

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the periods ended September 30, 2021 and 2020

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Cash

Cash consist of cash on hand, deposits held at banks.

#### Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

#### Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. These changes are recorded directly to the related asset with a corresponding entry to the provision.

The increase in the restoration provision due to the passage of time is recognized as interest expense. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.



## **XANDER RESOURCES INC.**

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the periods ended September 30, 2021 and 2020

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### Flow-through shares

On the issuance of flow-through shares, any premium received in excess of the market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

#### Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income (loss) attributable to common shareholders equals the reported income (loss) attributable to owners of the Company. Diluted income (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. As the Company has reported losses for the years presented, the effect of stock options and warrants is anti-dilutive; therefore, basic loss per share equals diluted loss per share.

#### Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

#### Income taxes

##### *Current income tax:*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred income tax:*

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Income taxes (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Financial instruments

## i) Classification

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

Cash is classified as FVTPL. Accounts payable, due to related parties and convertible debentures are classified as amortized cost.

## ii) Measurement

## Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

## Financial assets and liabilities at amortized cost

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

## Financial assets and liabilities at FVTPL

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)

## iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

## iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net income (loss).

Foreign currency translation

The functional currency of the Company is Canadian Dollar, which is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are translated at rates in effect at the time of the transaction. Monetary assets and liabilities are translated at period end rates. Gains and losses are included in profit and loss.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most reliably measurable component based on fair value and then the residual value, if any, to the less reliably measurable component.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Leases

Effective April 1, 2019, the Company adopted IFRS 16, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The Company had no leases that qualified under IFRS 16 as at September 30, 2021 and March 31, 2021.

Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's Financial statements.

**XANDER RESOURCES INC.**

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the periods ended September 30, 2021 and 2020

**4. EXPLORATION AND EVALUATION EXPENDITURES**

As of September 30, 2021 and March 31, 2021, the Company has incurred following exploration and evaluation expenditures:

	Senneville Properties	Blue Ribbon Property	Bachelor North Property	CNC Property	Total
<b>Balance as at March 31, 2020</b>	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition cost:					
Shares issued	280,350	52,000	15,500	-	347,850
Cash payment	32,000	-	2,318	-	34,318
	312,350	52,000	17,818	-	382,168
Exploration and evaluation expenditures:					
Consulting and labour	96,213	91,478	-	-	187,691
Staking and permits	3,717	2,984	-	-	6,701
Travel	1,116	44,050	-	-	45,166
Equipment rentals	1,750	28,619	-	-	30,369
Supplies and other	296	1,866	-	-	2,162
	103,092	168,997	-	-	272,089
<b>Balance March 31, 2021</b>	\$ <b>415,442</b>	\$ <b>220,997</b>	\$ <b>17,818</b>	\$ -	\$ <b>654,257</b>
Acquisition cost:					
Shares issued	72,000	-	88,730	-	160,730
	72,000	-	88,730	-	160,730
Exploration and evaluation expenditures:					
Consulting and labour	337,677	255	-	2,400	340,232
Staking and permits	5,876	-	-	-	5,876
Travel	11,446	-	-	-	11,446
Supplies and other	871	-	-	-	871
	355,870	255	-	2,400	358,525
<b>Balance September 30, 2021</b>	\$ <b>843,312</b>	\$ <b>221,252</b>	\$ <b>106,548</b>	\$ <b>2,400</b>	\$ <b>1,173,512</b>



## **XANDER RESOURCES INC.**

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For the periods ended September 30, 2021 and 2020

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### **4. EXPLORATION AND EVALUATION EXPENDITURES (continued)**

#### **Val-d'Or Senneville West Property (Block #1)**

On May 18, 2020, the Company entered into an agreement with North American Exploration Ltd. to acquire a 100% interest in the Val-d'Or Senneville West Property (80 claims). Pursuant to the agreement, the Company will make a total cash payment of \$89,600, issue 1,510,000 common shares of the Company and incur \$625,000 of exploration expenditure in three years as follows:

- i. Issue 510,000 common shares (issued) of the Company and pay \$9,600 cash (paid) on or before the closing date (May 18, 2020);
- ii. Pay \$8,000 cash (paid) within 90 days of the closing date (August 16, 2020);
- iii. Issue 660,000 common shares of the Company (subsequently issued on October 26, 2021 – Note 14) and pay \$24,000 cash (subsequently paid on October 22, 2021 – Note 14) on the date that is 18 months from the closing date (November 17, 2021);
- iv. Issue 340,000 common shares of the Company (subsequently issued on October 26, 2021 – Note 14) and pay \$48,000 cash (subsequently paid on October 22, 2021 – Note 14) on the date that is 30 months from the closing date (November 17, 2022);

The Company has been considered to have acquired 100% interest in the property since all the above-mentioned payments have been made subject to the grant of Net Smelter Royalty of 2% to the optionor (Note 14).

On July 6, 2021, the Company staked additional 39 claims contiguous to its Senneville West property.

#### **Val-d'Or Senneville East Property (Block #2)**

On May 18, 2020, the Company entered into an agreement with Silverwater Capital Corp. to acquire a 100% interest in the Val-d'Or Senneville East Property (62 claims). Pursuant to the agreement, the Company will make a total cash payment of \$45,400, issue 1,090,000 common shares of the Company and incur \$625,000 of exploration expenditure in three years as follows:

- i. Issue 450,000 common shares (issued) of the Company and pay \$5,400 cash (paid) on or before the closing date (May 18, 2020);
- ii. Pay \$4,000 cash (paid) within 90 days of the closing date (August 18, 2020);
- iii. Issue 410,000 common shares of the Company (subsequently issued on October 26, 2021 – Note 14) and pay \$12,000 cash (subsequently paid on October 22, 2021 – Note 14) on the date that is 18 months from the closing date (November 17, 2021);
- iv. Issue 230,000 common shares of the Company (subsequently issued on October 26, 2021 – Note 14) and pay \$24,000 cash (subsequently paid on October 22, 2021 – Note 14) on the date that is 30 months from the closing date (November 17, 2022);

The Company has been considered to have acquired 100% interest in the property since all the above-mentioned payments have been made subject to the grant of Net Smelter Royalty of 2% to the optionor (Note 14).

On April 23, 2021, the Company entered into an agreement to acquire a 100% interest in 20 mineral claims located contiguous to the Senneville East Property (Block #2) in exchange for \$1,340 cash (paid on May 20, 2021), 400,000 common shares (issued on May 18, 2021), and a 2% Net Smelter Royalty.



## **XANDER RESOURCES INC.**

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### **4. EXPLORATION AND EVALUATION EXPENDITURES (continued)**

#### **Val-d'Or Senneville East Property (Block #2) (continued)**

The Company is required to incur following exploration and evaluation expenditure together for Block #1 and Block #2:

- i. Incur \$175,000 of exploration expenditure (incurred \$141,317 as of September 30, 2021) on or before 18 months of the closing date (November 17, 2021); and
- ii. Incur \$450,000 of exploration expenditure on or before 36 months of the closing date (May 17, 2023)

#### **Val-d'Or Senneville South Property**

On May 27, 2020, the Company entered into an agreement with Terrance Coyle / 9093-6725 Quebec Inc. to acquire a 100% interest in the Val-d'Or Senneville South Property (9 claims). Pursuant to the agreement, the Company will make a total cash payment of \$40,000, issue 165,000 common shares of the Company and incur \$75,000 of exploration expenditures in three years as follows:

- i. Issue 25,000 common shares (issued) of the Company and pay \$5,000 cash (paid) on or before the closing date (May 27, 2020);
- ii. Issue 60,000 common shares of the Company (subsequently issued on October 18, 2021 – Note 14) and pay \$15,000 cash (subsequently paid on October 18, 2021) on the date that is 18 months from the closing date (November 17, 2021);
- iii. Issue 80,000 common shares of the Company (subsequently issued on October 18, 2021 – Note 14) and pay \$20,000 cash (subsequently paid on October 18, 2021 – Note 14) on the date that is 30 months from the closing date (November 17, 2022);
- iv. Incur \$40,000 of exploration expenditure (incurred) on or before 18 months of the closing date (November 27, 2021); and
- v. Incur \$35,000 of exploration expenditure (incurred) on or before 36 months of the closing date (May 27, 2023)

The Company has been considered to have acquired 100% interest in the property since all the above-mentioned payments have been made subject to the grant of Net Smelter Royalty of 2% to the optionor (Note 14).

#### **Blue Ribbon Property**

On May 15, 2020, the Company entered into an agreement with Silverwater Capital Corp. to acquire 100% interest in the Blue Ribbon Property (34 mineral claims). Pursuant to the agreement, the Company issued 200,000 common shares of the Company and paid cash of \$2,652. The property is subject to a 2% Net Smelter Royalty upon commencement of commercial production and the Company will have the right to purchase 0.50% of the Net Smelter Royalty at any time for the aggregate amount of \$500,000. The Company has met all the conditions per option agreement and the title of the property has been transferred to the Company.

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**4. EXPLORATION AND EVALUATION EXPENDITURES (continued)****Bachelor North Property**

On January 8, 2021, the Company entered into an agreement with Silverwater Capital Corp. to acquire a 100% interest in the Bachelor North Property (35 mineral claims). Pursuant to the agreement, the Company will issue 1,501,000 common shares and pay \$2,319 in one year as follows:

- i. Issue 100,000 common shares (issued) of the Company and pay \$2,319 cash (paid on February 8, 2021) on or before the date of agreement (January 8, 2021);
- ii. Issue 467,000 common shares (issued on May 3, 2021) of the Company on or before the date that is three months after the Closing (April 8, 2021);
- iii. Issue 467,000 common shares of the Company on or before the date that is six months after the Closing (July 8, 2021); and
- iv. Issue 467,000 common shares of the Company on or before the date that is twelve months after the Closing (January 8, 2022);

The Company will be considered to have acquired 100% interest in the property once all the above-mentioned payments have been made subject to the grant of Net Smelter Royalty of 2% to the optionor.

During the period ended September 30, 2021, the Company decided not to proceed with the option agreement for Bachelor North Property. Therefore, the property has been impaired and no further exploration activities will be conducted on this property.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2021</b>	March 31, 2021
Accounts payable	\$ 123,088	\$ 16,206
Accrued liabilities	26,881	27,363
	<b>\$ 149,969</b>	<b>\$ 43,569</b>

**6. RELATED PARTY TRANSACTIONS**

The amounts due to related parties are due to directors and officers of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

**Related party balances**

As at September 30, 2021, \$8,585 (March 31, 2021 - \$13,068) were due to related parties as follows:

	<b>September 30, 2021</b>	March 31, 2021
CEO	\$ 443	\$ -
Company controlled by the CFO	-	4,725
Former CEO	3,767	3,968
Directors	4,375	4,375
	<b>\$ 8,585</b>	<b>\$ 13,068</b>

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**6. RELATED PARTY TRANSACTIONS (continued)*****Related party transactions and key management compensation***

During the six months ended September 30, 2021 and 2020, the Company incurred the following amounts through transactions with the directors and officers of the Company:

	<b>September 30, 2021</b>	September 30, 2020
Management fees	\$ 57,000	\$ 47,500
Accounting fees	12,000	-
Share-based payments	32,929	48,000
	<b>\$ 101,929</b>	<b>\$ 95,500</b>

Management fees consists of the following:

	<b>September 30, 2021</b>	September 30, 2020
CEO	\$ 21,000	\$ -
CFO	15,000	-
Secretary	21,000	21,000
Former CEO	-	12,500
Company controlled by former CFO	-	14,000
	<b>\$ 57,000</b>	<b>\$ 47,500</b>

During the six months ended September 30, 2021, the Company paid \$12,000 (2020 – \$Nil) in accounting fees to a company controlled by CFO (2020 – \$Nil).

Share-based compensation consists of the following:

	<b>September 30, 2021</b>		September 30, 2020	
	<b>Number of options</b>	<b>Share-based payment</b>	Number of options	Share-based payment
		- \$ -		- \$ -
CEO	300,000	17,035	-	-
Directors	150,000	15,894	250,000	9,340
Former CEO	-	-	125,000	32,122
Company controlled by Former CFO	-	-	50,000	1,868
Former Directors	-	-	125,000	4,670
	<b>450,000</b>	<b>32,929</b>	<b>550,000</b>	<b>48,000</b>

On September 15, 2021, the company granted 150,000 stock options to the directors of the Company and recorded \$15,894 as share-based compensation expense.

On July 12, 2021, the company granted 300,000 stock options to the CEO of the Company and recorded \$17,035 as share-based compensation expense.



## **XANDER RESOURCES INC.**

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### **6. RELATED PARTY TRANSACTIONS (continued)**

#### ***Related party transactions and key management compensation (continued)***

On December 29, 2020, the Company granted 400,000 stock options to the former CEO (200,000) and the corporate secretary (200,000) of the Company and recorded \$47,586 as share-based compensation expense (Note 8). Out of these, 100,000 stock options were exercised by the former CEO of the Company for aggregate proceeds of 15,000 (Note 8).

On November 23, 2020, the Company granted 425,000 stock options to the former CEO (75,000), directors (350,000), and former director (200,000) of the Company and recorded \$50,275 as share-based compensation expense.

On September 28, 2020, the Company granted 125,000 stock options to the former CEO of the Company and recorded \$32,122 as share-based compensation expense.

On May 4, 2020, the Company granted 425,000 stock options to former officer (50,000), directors (250,000) and former director (125,000) of the Company and recorded \$15,878 as share-based compensation expense. Out of these, 50,000 stock options were exercised by the former CFO of the Company for aggregate proceeds of \$2,500 (Note 8), and 125,000 stock options expired unexercised.

### **7. CONVERTIBLE DEBENTURES**

On May 20, 2020, the Company closed a non-brokered private placement of 10% unsecured convertible debentures for total gross proceeds of up to \$75,000 at a price of \$1,000 each. The Convertible Debentures bear interest at 10% per annum, from the date of issuance, payable in arrears annually until the earlier of the Maturity date, two years from the issuance date, or any conversion thereof. Each Convertible Debenture is convertible into one common share at a price of \$0.05 per share, at any time prior to the maturity date. At the time of the interest payment, such interest may be paid, at the option of the Company, in cash or by the issuance of Shares at the price of Share equal to the market price.

The Company may prepay, in cash, any or all of the Convertible Debentures at any time prior to the Maturity Date upon not less than thirty business days prior written notice for an amount equal to the principle amount of the Convertible Debentures then outstanding plus any accrued but unpaid interest.

The liability component of these debentures was calculated at \$68,245, at the date of issuance, as the present value of the principal and interest, at a rate approximating the interest rate that would have been applicable to non-convertible debt at the date the note was issued. The liability component was recorded at amortized cost and is accreted to the principal amount over the term of the convertible note by charges to accretion expense using an effective interest rate of 15%.

The conversion component of these debentures was calculated at \$6,755, as the residual value of the gross proceeds of the convertible debentures.



## XANDER RESOURCES INC.

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### 7. CONVERTIBLE DEBENTURES (continued)

As at March 31, 2021, the Company has issued 1,333,443 common shares for conversion of \$67,831 in debentures. The fair value of the conversion component of the debentures exercised was \$5,854 resulting in a transfer of \$5,854 from reserves to share capital.

The carrying value of the liability component was \$9,713 as at September 30, 2021 (March 31, 2021 – \$9,491). The carrying value of the conversion component was amounts to \$901 as at September 30, 2021 (March 31, 2021 – \$901). During the six months ended September 30, 2021, the Company recorded accretion expense in the amount of \$222 (2020 – \$2,491) and interest expense of \$501 (2020 – \$2,485) in relation to the convertible debentures.

### 8. SHARE CAPITAL

#### Authorized:

The authorized share capital of the Company consists of unlimited common shares without par value.

#### Issued:

As at September 30, 2021, there were 24,660,206 issued and fully paid common shares (March 31, 2021 – 23,443,206).

#### Transactions during the six months ended September 30, 2021

On May 18, 2021, the Company issued 400,000 common shares at a fair value of \$72,000 (\$0.18 per share), pursuant to its property option agreement on the additional claims acquired located adjacent to the Senneville East Property (Note 4).

On May 3, 2021, the Company issued 467,000 common shares at a fair value of \$88,730 (\$0.19 per share), pursuant to its property option agreement on the Bachelor North property (Note 4).

During the six months ended September 30, 2021, pursuant to the exercise of stock option, the Company issued 350,000 common shares for aggregate proceeds of \$47,500. The fair value of options exercised amounted to \$37,557.

#### Transactions during the year ended March 31, 2021

On February 4, 2021, the Company issued 100,000 common shares at a fair value of \$15,500 (\$0.155 per share), pursuant to its property option agreement on the Bachelor North property (Note 3).

On December 22, 2020, the Company closed its non-brokered private placement financing for total gross proceeds of \$275,000. The Company issued 1,527,780 units at a price of \$0.18 per Unit. Each Unit consists of one flow-through common share (Note 14) and one-half of non-transferable warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company for a period of up to two (2) years at a price of \$0.18. Pursuance to the private placement, the Company issued 111,111 broker warrants and paid \$20,000 in cash as finder's fees. The fair value of the warrants was computed to be \$13,295 using black scholes model.

On October 20, 2020, the Company closed its non-brokered private placement financing for total gross proceeds of \$400,000. The Company issued 2,000,000 units at a price of \$0.20 per Unit. Each Unit consists of one common share and one non-transferable warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company for a period of up to three (3) years at a price of \$0.30.



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**8. SHARE CAPITAL (continued)**

*Transactions during the year ended March 31, 2021 (continued)*

On September 17, 2020, the Company issued 25,000 common shares at a fair value of \$6,750 (\$0.27 per share), pursuant to its property option agreement on the Senneville South property (Note 3).

On August 24, 2020, the Company closed its non-brokered private placement financing for total gross proceeds of \$176,400. The Company issued 784,000 units at a price of \$0.225 per Unit. Each Unit consists of one common share and one non-transferable warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company for a period of up to 24 months at a price of \$0.25. Pursuance to the private placement, the Company issued 2,800 broker warrants and paid \$3,423 in cash as finder's fees. The fair value of the warrants was computed to be \$313 using black scholes model.

On July 27, 2020, the Company closed its non-brokered private placement financing for total gross proceeds of \$8,000,000. The Company issued 4,000,000 units at a price of \$0.20 per Unit. Each Unit consists of one-half of common share and one non-transferable warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company for a period of up to 12 months at a price of \$0.26. Pursuance to the private placement, the Company issued 204,750 broker warrants and paid \$41,000 in cash as finder's fees. The fair value of the warrants was computed to be \$52,550 using black scholes model.

On July 7, 2020, the Company issued 960,000 common shares at a fair value of \$273,600 (\$0.285 per share), pursuant to its property option agreement on the Senneville East and West properties (Note 3).

On June 16, 2020, the Company issued 200,000 common shares at a fair value of \$52,000 (\$0.26 per share), pursuant to its property option agreement on the Blue Ribbon Property (Note 3).

On June 11, 2020, the Company issued 236,842 common shares at a fair value of \$45,000 (\$0.19 per share), to the former CEO of the Company as settlement for a portion of outstanding management fees owed totaling \$45,000. The Company recorded a gain of \$3,552 on the settlement of this debt.

During the year ended March 31, 2021, the Company issued 1,333,443 common shares for a total conversion value of \$67,831 (Note 6).

During the year ended March 31, 2021, the Company issued 475,000 common shares for total consideration received of \$23,750, pursuant to the exercise of the share options. The fair value of the options exercised was \$17,747 resulting in a transfer of \$17,747 from reserves to share capital.

During the year ended March 31, 2021, the Company issued 458,600 common shares for total consideration received of \$91,720, pursuant to the exercise of warrants. The fair value of the warrants exercised was \$1,641 resulting in a transfer of \$1,641 from reserves to share capital.

*Transactions during the year ended March 31, 2020*

On October 22, 2019, the Company issued 50,000 common shares valued at \$0.15 per share pursuant to the exercise of the share options by one of its directors (Note 6). The fair value of the options exercised was \$7,081.



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### 8. SHARE CAPITAL (continued)

#### Share Options

The Company adopted a share option plan (the "Share Option Plan") under which it may grant options to employees, officers, directors, or consultants for up to 10% of the issued and outstanding common shares. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee in a twelve-month period is limited to 5% of the issued shares of the Company.

Under the plan, the exercise price of an option may not be less than the discounted market price. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors. For share options granted to employees, directors, and consultants, the Company recognizes as an expense, the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

On September 15, 2021, the Company granted 150,000 stock options to the Director (300,000) of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.13 for a period of five-year ending September 15, 2026. The resulting fair value of \$15,894 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 118.51%; a risk-free interest rate of 0.030%, and an expected average life of 5 years.

On July 12, 2021, the Company granted 300,000 stock options to the CEO (300,000) of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.12 for a period of two years ending July 12, 2023. The resulting fair value of \$17,023 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 128.50 %; a risk-free interest rate of 0.140%, and an expected average life of 2 years.

On June 1, 2021, the Company granted 100,000 stock options to a consultant of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.17 for a period of one year ending June 1, 2022. The options vested immediately. The resulting fair value of \$6,689 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 141%; a risk-free interest rate of 0.22%, and an expected average life of 1 year.

On April 14, 2021, the Company granted 590,000 stock options to the consultants of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.155 for a period of six months ending on October 14, 2021. The options vested immediately. The resulting fair value of \$15,574 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 109%; a risk-free interest rate of 0.28%, and an expected average life of 0.50 year. On May 23, 2021, pursuant to the cancellation of one of the Consulting agreements, 275,000 of the granted and outstanding options were cancelled.

#### Transactions during the year ended March 31, 2021

On December 29, 2020, the Company granted 600,000 stock options to officers, directors and consultants, at an exercise price of \$0.15 per common share for a period of 5 years and will expire on December 29, 2025. The resulting fair value of \$71,378 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 112%; a risk-free interest rate of 0.41%, and an expected average life of 5 years. The options vested immediately.



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### 8. SHARE CAPITAL (continued)

#### Share Options (continued)

##### Transactions during the year ended March 31, 2021 (continued)

On November 23, 2020, the Company granted 425,000 stock options to officers and directors, at an exercise price of \$0.15 per common share for a period of 5 years and will expire on November 23, 2025. The resulting fair value of \$50,275 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 111%; a risk-free interest rate of 0.44%, and an expected average life of 5 years. The options vested immediately.

On September 28, 2020, the Company granted 375,000 stock options to the CEO, and consultants, at an exercise price of \$0.26 per common share for a period ranging from 1 - 5 years expiring on September 28, 2021, to September 28, 2025. The resulting fair value of \$70,314 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 110%-151%; a risk-free interest rate of 0.23% - 0.35%, and an expected average life of 1 - 5 years. The options vested immediately.

On September 17, 2020, the Company granted 100,000 stock options to an investor relations consultant, at an exercise price of \$0.25 per common share for a period ranging from 1 year and will expiring on September 17, 2021. The resulting fair value of \$15,182 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 149%; a risk-free interest rate of 0.24% and an expected average life of 1 year. The options vest 50,000 immediately and 50,000 after 3 months. These options have been fully vested.

On July 12, 2021, the Company granted 300,000 stock options to a consultant of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.12 for a period of two years ending July 12, 2023. The options vest immediately. The resulting fair value of \$17,035 was estimated using the Black-Scholes Option Pricing Model with the following assumptions: expected dividend yield of 0%; expected volatility of 182%; a risk-free interest rate of 0.14%, and an expected life of 2 year.

On June 19, 2020, the Company granted 150,000 incentive stock options to a consultant, at an exercise price of \$0.20 per common share for a period of 1 year and will expire on June 19, 2021. The resulting fair value of \$14,424 was estimated using the Black-Scholes Option Pricing Model with the following assumptions: expected dividend yield of 0%; expected volatility of 129%; a risk-free interest rate of 0.26%, and an expected life of 1 year. On September 22, 2020, these options were cancelled and the related fair value expense of \$14,424 was reversed.

On June 15, 2020, the Company granted 200,000 incentive stock options to a consultant, at an exercise price of \$0.285 per common share for a period of 1 year and will expire on June 15, 2021. The resulting fair value of \$26,661 was estimated using the Black-Scholes Option Pricing Model with the following assumptions: expected dividend yield of 0%; expected volatility of 125%; a risk-free interest rate of 0.25%, and an expected life of 1 year. On September 22, 2020, these options were cancelled and the related fair value expense of \$26,661 was reversed.

On May 4, 2020, the Company granted 1,075,000 stock options to officers, directors and consultants, at an exercise price of \$0.05 per common share for a period of 5 years and will expire on May 4, 2025. The resulting fair value of \$40,164 was estimated using the Black-Scholes Option Pricing Model with the following assumptions: expected dividend yield of 0%; expected volatility of 102%; a risk-free interest rate of 0.40%, and an expected life of 5 years. The options vested immediately. Out of these options, 125,000 stock options were cancelled and related fair value expense of \$4,670 was reversed.



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**8. SHARE CAPITAL (continued)**

**Share Options (continued)**

During the six months ended September 30, 2021, 350,000 of the outstanding stock options were exercised for aggregate proceeds of \$47,500, 275,000 stock options were cancelled pursuant to termination of the consultant's agreement and 225,000 of the stock options expired unexercised. As at September 30, 2021, the Company had 2,265,000 stock options outstanding (March 31, 2021 – 1,975,000). A summary of share options outstanding is as follows:

	Options outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance at March 31, 2020	-	-	-
Options granted	2,925,000	\$ 0.14	3.40
Options exercised	(475,000)	0.05	4.64
Options expired	(475,000)	0.20	-
<b>Balance at March 31, 2021</b>	<b>1,975,000</b>	<b>\$ 0.15</b>	<b>3.75</b>
Options granted	1,140,000	0.12	0.25
Options exercised	(350,000)	0.14	4.61
Options cancelled	(275,000)	0.16	-
Options expired	(225,000)	0.05	-
<b>Balance at September 30, 2021</b>	<b>2,265,000</b>	<b>\$ 0.16</b>	<b>2.87</b>

Details of options outstanding as at September 30, 2021 are as follows:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average contractual life in years
300,000	0.01	May 4, 2025	0.48
125,000	0.01	September 28, 2025	0.22
250,000	0.03	September 28, 2023	0.22
425,000	0.03	November 23, 2025	0.78
300,000	0.02	December 29, 2025	0.56
315,000	0.02	October 14, 2021	0.01
100,000	0.01	June 1, 2022	0.03
300,000	0.02	July 12, 2023	0.24
150,000	0.01	September 15, 2026	0.33
<b>2,265,000</b>	<b>0.16</b>		<b>2.87</b>

**Warrants**

As at September 30, 2021, the Company had 7,866,551 share warrants outstanding (March 31, 2021 – 583,600). A summary of changes in outstanding warrants is as follows:

	Warrants outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry <sup>(1)</sup>
Balance at March 31, 2020	583,600	\$ 0.20	0.42
Warrants issued	7,866,551	0.26	1.15
Warrants exercised	(458,600)	0.21	0.04
Warrants expired	(125,000)	-	-
<b>Balance at March 31, 2021</b>	<b>7,866,551</b>	<b>\$ 0.26</b>	<b>1.15</b>
<b>Balance at September 30, 2021</b>	<b>7,866,551</b>	<b>\$ 0.27</b>	<b>1.16</b>



## XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

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### 8. SHARE CAPITAL (continued)

#### Warrants (continued)

(1) On July 16, 2021, the Company extended the expiration of the 4,000,000 warrants originally issued on July 24, 2020 pursuant to a non-brokered private placement by one year to July 24, 2022. All other terms and conditions of the Warrants, including the exercise price, remain the same.

Details of warrants outstanding as at September 30, 2021, are as follows:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average contractual life in years
4,000,000 <sup>(1)</sup>	\$ 0.13	July 24, 2022	0.41
204,750	0.01	July 27, 2021	0.00
784,000	0.03	August 24, 2022	0.09
2,800	0.00	August 24, 2022	0.00
2,000,000	0.08	October 20, 2023	0.52
763,890	0.02	December 22, 2022	0.12
111,111	0.00	December 22, 2022	0.02
<b>7,866,551</b>	<b>\$ 0.26</b>		<b>1.16</b>

(1) These warrants are subject to an acceleration provision that states "in the event that the closing price of the Company's common shares on the TSX Venture is \$0.33 per common shares or greater during any fifteen (15) consecutive trading day period at any time subsequent to four months and one day after the closing date, the warrants will expire on the 30<sup>th</sup> day after the date on which the Company provides notice of such accelerated expiry to the holders of the warrants. On July 16, 2021, the Company extended the expiration of these 4,000,000 warrants by one year to July 24, 2022. All other terms and conditions remain the same.

### 9. RESERVES

#### Share-based payment reserve

The share-based payment reserve records items recognized as share-based payments expense until such time that the share options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire or are forfeited, the corresponding amount previously recorded remains in share-based payment reserve. The balance in the share-based payment reserve as on September 30, 2021 was \$345,730 (March 31, 2021 - \$328,095)

#### Warrants reserve

The warrant reserve records items recognized as warrants until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount previously recorded remains in warrant reserves. The balance in the warrant reserve as on September 30, 2021, was \$104,478 (March 31, 2021 - \$104,478).



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### 10. CAPITAL DISCLOSURE

The Company considers its capital structure to include cash and shareholders' equity. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its operations using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and receivables.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

### 11. ADDITIONAL CASH FLOW INFORMATION

During the six months ended September 30, 2021 and 2020, the Company incurred non-cash financing activities as follows:

	September 30, 2021	September 30, 2020
Non-cash financing activities:		
Fair value of options vested	\$ 55,192	\$ 175,700
Fair value of options exercised	37,557	14,000
Fair value of warrants exercised	-	1,766
Share issue for debt settlement	-	41,447
Share issued on conversion of convertible debentures	-	34,828
Fair value adjustment for convertible debentures	-	6,755
Fair value of warrants issued	-	53,500

### 12. FINANCIAL INSTRUMENTS AND RISKS

#### Fair Values

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and the liability component on convertible debentures. These financial instruments are classified as financial assets at FVTPL and financial liabilities at amortized cost. The fair values of these financial instruments approximate their carrying values at September 30, 2021, due to their short-term nature.



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**12. FINANCIAL INSTRUMENTS AND RISKS (continued)**

**Fair Values (continued)**

The following table presents the Company's financial instruments, measured at fair value on the statements of financial position as at September 30, 2021 and September 30, 2020 and categorized into levels of the fair value hierarchy:

	Fair Value Measurements Using			Total \$
	Quoted Prices in Active Markets For Identical Instruments (Level 1) \$	Significant Other Observable Inputs (Level 2) \$	Significant Unobservable Inputs (Level 3) \$	
<b>September 30, 2021</b>				
<b>Assets:</b>				
Cash	166,378	–	–	166,378
<b>Liabilities:</b>				
Accounts payable	123,088	–	–	123,088
March 31, 2021				
<b>Assets:</b>				
Cash	638,176	–	–	638,176
<b>Liabilities:</b>				
Accounts payable	16,206	–	–	16,206

\*The fair value of the Company's financial assets and liabilities approximates the carrying amount.

**Risks**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk by holding cash. This risk is minimized by holding cash in large Canadian financial institutions. This risk is assessed as low.

b) 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 is not exposed to any interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by management of its working capital to ensure its expenditures will not exceed available resources. This risk is assessed as high.



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For the periods ended September 30, 2021 and 2020

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### **12. FINANCIAL INSTRUMENTS AND RISKS (continued)**

#### **Risks (continued)**

d) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have foreign currency denominated financial instruments and is not exposed to foreign exchange risk.

e) Price risk

Price risk is the risk that the risk of a decline in the value of the Company's financial instruments. Although price risk can be mitigated by hedging, the Company currently doesn't apply any hedging techniques as the Company doesn't have securities that are subject to price fluctuation.

### **13. SEGMENTED INFORMATION**

The Company currently operates in a single reportable operating segment, the acquisition, exploration and development of mineral properties. All of the Company's assets and expenditures are located in Canada.

### **14. SUBSEQUENT EVENTS**

On October 1, 2021, the Company granted 200,000 stock options to the consultants of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.115. A total of 150,000 stock options are exercisable for a period of five years ending October 1, 2026, and rest of the 50,000 stock options are exercisable for a period of two years ending October 1, 2023. All the stock options vest immediately.

On October 13, 2021, the Company closed a non-brokered private placement issuing an aggregate of 4,200,000 units of the Company at a price of \$0.10 per unit and received gross proceeds of \$420,000. Each unit consists of one common share and one transferable share purchase warrant of the Company exercisable at \$0.20 per share for a period of two years from the date of closing of the Private Placement.

On October 13, 2021, the Company granted 470,000 incentive stock options to certain directors, officers and consultants of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.13 for a period of 5 years. The options vest immediately.

On October 14, 2021, the Company granted 275,000 stock options to the consultants of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.135 for a period of 5 years. The options vest immediately.

On October 14, 2021, 315,000 of the outstanding stock options issued to consultants on April 14, 2021, expired unexercised.



## XANDER RESOURCES INC.

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### 14. SUBSEQUENT EVENTS (continued)

On October 18, 2021, the Company issued 140,000 common shares at a price of \$0.16 per share and made a cash payment of \$35,000 to Terrance Coyle and 9093-6725 Quebec Inc with respect to the Val D'Or #3 (Senneville South) property.

On October 19, 2021, the Company entered into an agreement with North American Exploration Ltd and Jonathon Deluce to acquire 100% interest in CNC Timmins property. Pursuant to the agreement, the Company will issue 3,500,000 common shares and pay \$150,000 in cash in two (2) years as follows:

- i. Issue 600,000 common shares of the Company (issued on November 3, 2021) on or before the closing date (October 19, 2021);
- ii. Cash payment of \$50,000 payable within 90 days of closing date (January 17, 2022);
- iii. Issue 1,000,000 common shares of the Company within 90 days of closing date (January 17, 2022);
- iv. Issue 1,000,000 common shares of the Company and cash payment of \$50,000 on or before one year after the closing date (October 19, 2022);
- v. Issue 900,000 common shares of the Company and cash payment of \$50,000 on or before two years after the closing date (October 19, 2023);

The Company is required to incur a total of \$1,250,000 exploration and evaluation expenditures on the property within two years as follows:

- i. \$120,000 within six months after the Closing (April 19, 2021);
- ii. \$500,000 and 1,500 meters of diamond drilling within one year after the Closing (October 19, 2022);
- iii. \$630,000 within two years after the closing date (October 19, 2023).

The Company will be considered to have acquired 100% interest in the property once all the above-mentioned payments have been made subject to the grant of Net Smelter Royalty of 3% to the optionor.

Pursuant to the agreement, the Company has agreed to pay 20% of the proceeds received on the sale of the property to a third party once the option is complete and 100% ownership is obtained.

On October 22, 2021, the Company granted 50,000 stock options to a consultant of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.17 for a period of 2 years. The options vest immediately.

On October 22, 2021, the Company made a cash payment of \$108,000 to North American Exploration Ltd (\$72,000) and Silver Water Capital Corp. (\$36,000) with respect to the Val D'Or #1(Senneville West) property and Val D'Or #2 (Senneville East) property respectively.

On October 26, 2021, the Company issued 1,640,000 common shares of the Company at a price of \$0.155 per share to North American Exploration Ltd (1,000,000 shares) and Silver Water Capital Corp. (640,000 shares) with respect to the Val D'Or #1(Senneville West) property and Val D'Or #2 (Senneville East) property respectively.

Pursuant to this cash payment and the share issuance, North American Exploration Ltd and Silverwater Capital Corp. agreed to relieve the Company of the obligation to spend \$625,000 in exploration in exchange for the above cash and shares. Accordingly, the Company has fulfilled all the obligations for the Val D'Or #1(Senneville West) property and Val D'Or #2 (Senneville East) property and the title of the properties is being transferred to the Company's name.



**XANDER RESOURCES INC.**

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**14. SUBSEQUENT EVENTS (continued)**

The Company has further agreed that in the event of abandonment of any of the claims, the Company will provide North American Exploration Ltd and Silverwater Capital Corp. six months notice of the intended abandonment, and in the event of a third party sale of the claims that North American Exploration Ltd and Silverwater Capital Corp. will be entitled to receive 20% of the sale proceeds, such percentage reducing to 15% if the Company spends \$250,000 in qualified exploration expenditures on the property, and to 10% by the Company spending \$500,000 in qualified exploration expenditures on the property. The claims remain subject to a 2% NSR.

On October 29, 2021, the Company granted 100,000 stock options to a consultant of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.155 for a period of 2 years. The options vest immediately.

In October 2021, the Company staked an additional 14 claims contiguous to its Blue Ribbon Property.

On November 4, 2021, the Company granted 69,021 stock options to a consultant of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.195 for a period of 2 years. The options vest immediately.

On November 23<sup>rd</sup>, 2021, the Company entered into an agreement with QL Minerals Inc. to sell 100% of the rights, title and interest to and in 39 mineral claims located in the Val-d'Or Senneville West Property (Block #1) which were additionally staked on July 6, 2021. Pursuant to the agreement, QL minerals will issue 400,000 common shares to be issued at a price of \$0.25 for an aggregate consideration of \$100,000.