



XANDER RESOURCES INC.
INTERIM CONDENSED FINANCIAL STATEMENTS
Six Months Ended September 30, 2022 and 2021
(With Comparative Audited Figures as at March 31, 2022)
(Unaudited – Prepared by Management)
(EXPRESSED IN CANADIAN DOLLARS)

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 28th, 2022

**XANDER RESOURCES INC.**

Interim Condensed Statements of Financial Position

As at September 30, 2022 and 2021

(Expressed in Canadian dollars)

		As at	
	Note	September 30 2022	March 31 2022
ASSETS			
Current assets			
Cash		\$ 1,481,799	\$ 124,572
Taxes receivable		19,622	13,616
Prepaid expenses		45,629	17,170
Marketable securities	5	64,000	20,000
Total current assets		1,611,050	175,358
Total assets		\$ 1,611,050	\$ 175,358
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 81,543	\$ 191,272
Due to related parties	7	3,896	146,483
Liability for FT share premium	8	45,344	-
Liability component of convertible debentures	9	-	9,937
Total liabilities		130,783	347,692
EQUITY			
Share capital	10	6,529,650	4,337,539
Reserves	11	912,758	522,916
Deficit		(5,962,141)	(5,032,789)
Total equity		1,480,267	(172,334)
Total liabilities and equity		\$ 1,611,050	\$ 175,358

Nature of operations and going concern (Note 1)

Commitments and Contingencies (Note 16)

Subsequent Events (Note 17)

Approved and authorized for issue by the Board of Directors on November 28th, 2022:“Dwayne Yaretz”

Dwayne Yaretz, Director

“Adrian Smith”

Adrian Smith, Director

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



XANDER RESOURCES INC.

Interim Condensed Statements of Comprehensive Loss
 For the Periods Ended September 30, 2022 and 2021
 (Unaudited – Prepared by Management)
 (Expressed in Canadian dollars)

	Note	Three months ended		Six months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Expenses:					
Exploration and Evaluation Expenditures	4	\$ 117,046	\$ 118,048	\$ 361,962	\$ 519,255
Share-based payments	7, 10	1940	32,929	327,664	55,192
Consulting and Management fees	7	118,131	51,800	234,294	97,919
Business promotion		50,781	42,598	145,930	53,723
Professional fees	7	51,669	20,232	60,630	29,232
Transfer agent and filing fees		21,821	13,756	50,029	27,701
Office and miscellaneous		14,409	731	24,707	1,202
Property investigation		3,650	-	3,650	50,404
Travel expense		-	-	2,926	-
Loss before other expenses		(379,447)	(280,094)	(1,211,792)	(834,628)
Other income (expenses):					
Other income	8	6,397	-	89,518	-
Unrealized gain/ loss on marketable securities	5	(36,000)	-	44,000	-
Interest expenses	9	(113)	(252)	(499)	(501)
Interest income		7	-	233	-
Interest accretion	9	-	(112)	(63)	(222)
Foreign exchange loss		-	(3)	-	(304)
Net and comprehensive loss		\$ (409,156)	\$ (280,461)	\$ (1,078,603)	\$ (835,655)
Net loss per share, basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding		70,211,743	24,660,206	64,012,967	24,436,102

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



XANDER RESOURCES INC.

Interim Condensed Statements of Changes in Equity
 For the Periods Ended September 30, 2022 and 2021
 (Unaudited – Prepared by Management)
 (Expressed in Canadian dollars)

	Share capital			Reserves			Deficit	Total
	Number of shares	Amount	Shares to be issued	Share-based payment reserve	Warrants reserve	Equity component of convertible debentures		
	(Note 10)			(Note 11)		(Note 9)		
Balance, March 31, 2021	23,443,206	\$ 3,167,447	\$ -	\$ 328,095	\$104,478	\$ 901	\$ (2,939,211)	\$ 661,710
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
Balance, September 30, 2021	24,660,206	\$ 3,413,234	\$ -	\$ 345,730	\$104,478	\$ 901	\$ (3,774,866)	\$ 89,477
Balance, March 31, 2022	31,240,206	\$ 4,232,884	\$ 104,655	\$ 417,537	\$104,478	\$ 901	\$ (5,032,789)	\$ (172,334)
Net and comprehensive loss	-	-	-	-	-	-	(1,078,603)	(1,078,603)
Shares issued for Private Placement, net of issuance cost	35,822,070	2,058,986	-	-	212,330	-	-	2,271,316
Subscriptions received for Private Placement, net of issuance cost	1,581,700	104,655	(104,655)	-	-	-	-	-
Shares issued for exploration and evaluation assets	1,500,000	120,000	-	-	-	-	-	120,000
Shares issued for conversion of debentures	122,247	13,125	-	-	-	(901)	-	12,224
Fair value of stock options expired	-	-	-	(48,763)	-	-	48,763	-
Fair value of stock options cancelled	-	-	-	(100,488)	-	-	100,488	-
Fair value of options vested	-	-	-	327,664	-	-	-	327,664
Balance, September 30, 2022	70,266,223	\$ 6,529,650	\$ -	\$ 595,950	\$316,808	\$ -	\$ (5,962,141)	\$ 1,480,267

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



XANDER RESOURCES INC.

Interim Condensed Statements of Cash Flows
For the Periods Ended September 30, 2022 and 2021
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Six months ended	
	September 30, 2022	September 30, 2021
Cash Provided By (Used In)		
Operating Activities		
Net and comprehensive loss for the period	\$ (1,078,603)	\$ (835,655)
Items not affecting cash:		
Shares Issued for mineral property	120,000	160,730
Share-based payments	327,664	55,192
Flow-through income	(19,656)	-
Interest expenses	361	501
Interest accretion	63	222
Unrealized gain/ loss on Investment	(44,000)	-
Changes in working capital:		
Increase (decrease) in taxes receivable	(6,006)	3,600
Accounts Receivables	-	-
(Increase) decrease in prepaid expenses	(28,459)	(5,304)
Increase (decrease) in accounts payable and accrued liabilities	(107,867)	105,899
Decrease in due to related parties	(142,587)	(4,483)
Net cash used in operating activities	(979,090)	(519,298)
Financing Activities		
Proceeds from issuance of common shares, net of share issuance cost	2,336,317	-
Proceeds from exercise of options	-	47,500
Net cash provided by financing activities	2,336,317	47,500
Increase (decrease) in cash	1,357,227	(471,798)
Cash, beginning of the period	124,572	638,176
Cash, end of the period	\$ 1,481,799	\$ 166,378

Additional cash flow information (Note 13)

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



XANDER RESOURCES INC.

Notes to the Interim Condensed Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at and for the periods ended September 30, 2022 and 2021

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 1400, 1125 Howe Street, Vancouver, BC, V6Z 2K8. The Company’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the symbol “XND.V”, the OTQ Markets under the symbol XNDRF, and the Frankfurt Stock Exchange under the symbol “1X1”.

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.

The financial statements of the Company for the six months ended September 30, 2022, and 2021 and the notes thereto (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-months 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, 2022, the Company has a working capital of \$1,480,267 (March 31, 2022 – working capital deficit of \$172,334) and a cumulative deficit of \$5,962,141 (March 31, 2022 – \$5,032,789). 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. The Company encountered delays in the prior two fiscal years due to the high demand for equipment and experienced labour in an unprecedented market. The level of drilling activity in Quebec and Ontario combined with COVID related restrictions and a shortage of replacement drilling parts exacerbated an already highly competitive situation in these provinces. The Company anticipates delays to ease and anticipates minimal disruptions as a result of COVID-19 in the 2023 fiscal year.



XANDER RESOURCES INC.

Notes to the Interim Condensed Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at and for the periods ended September 30, 2022 and 2021

2. BASIS OF PRESENTATION

The Financial statements were authorized for issue on November 28th, 2022, 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 methods of computation as compared with the most recent annual financial statements, being for the year ended March 31, 2022.

Basis of preparation

These 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 14, 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.



XANDER RESOURCES INC.

Notes to the Interim Condensed Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at and for the periods ended September 30, 2022 and 2021

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.

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.

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.



XANDER RESOURCES INC.

Notes to the Interim Condensed Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at and for the periods ended September 30, 2022 and 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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).



XANDER RESOURCES INC.

Notes to the Interim Condensed Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at and for the periods ended September 30, 2022 and 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 30th, and March 31st, 2022.

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 Interim Condensed Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at and for the periods ended September 30, 2022 and 2021

4. EXPLORATION AND EVALUATION EXPENDITURES

As of September 30, and March 30, 2022, the Company has incurred following exploration and evaluation expenditures:

	Senneville Properties	Blue Ribbon Property	Bachelor North Property	CNC Property	Total
Balance as at March 31, 2021	\$ 415,442	\$ 220,997	\$ 17,818	\$ -	\$ 654,257
Acquisition cost:					
Shares issued	348,600	-	88,730	126,000	563,330
Cash payment	143,000	-	-	-	143,000
	491,600	-	88,730	126,000	706,330
Exploration and evaluation expenditures:					
Option payment received	(20,000)	-	-	-	(20,000)
Consulting and labour	392,269	255	-	63,125	455,649
Staking and permits	10,152	1,178	-	700	12,030
Travel	13,025	-	-	2,293	15,318
Supplies and other	871	-	-	-	871
	396,317	1,433	-	66,118	463,868
Balance March 31, 2022	\$ 1,303,359	\$ 222,430	\$ 106,548	\$ 192,118	\$ 1,824,455
Acquisition cost:					
Shares issued	-	-	-	120,000	120,000
Cash payment	-	-	-	75,000	75,000
	-	-	-	195,000	195,000
Exploration and evaluation expenditures:					
Consulting and labour	44,489	650	-	116,501	161,640
Staking and permits	761	-	-	-	761
Travel	2,321	-	-	761	3,082
Supplies and other	1,249	-	-	229	1,479
	48,820	650	-	117,491	166,962
Balance September 30, 2022	\$ 1,352,179	\$ 223,080	\$ 106,548	\$ 504,609	\$ 2,186,417



XANDER RESOURCES INC.

Notes to the Interim Condensed Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at and for the periods ended September 30, 2022 and 2021

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 on July 7, 2020) of the Company and pay \$9,600 cash (paid on or before the closing date (May 18, 2020));
- ii. Pay \$8,000 cash (paid on October 2, 2020) within 90 days of the closing date (August 16, 2020);
- iii. Issue 660,000 common shares of the Company (issued on October 26, 2021) and pay \$24,000 cash (paid on October 22, 2021) on the date that is 18 months from the closing date (November 17, 2021);
- iv. Issue 340,000 common shares of the Company (issued on October 26, 2021) and pay \$48,000 cash (paid on October 22, 2021) on the date that is 30 months from the closing date (November 17, 2022);

The Company has acquired 100% interest in the property as all obligations under the option agreement have been met, subject to the grant of Net Smelter Royalty of 2% to the optionor. The title to the claims have been transferred to the Company.

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

On November 23, 2021, the Company entered into an agreement with QL Minerals Inc. ("QL minerals") to sell 100% of the rights, title and interest to and in 39 additional mineral claims located in the Val-d'Or Senneville West Property (Block #1). Pursuant to the agreement, QL minerals issued 400,000 common shares at a price of \$0.25 for an aggregate consideration of \$100,000 (Note 5).

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 on July 7, 2020) of the Company and pay \$5,400 cash (paid on August 11, 2020) on or before the closing date (May 18, 2020);
- ii. Pay \$4,000 cash (paid on October 2, 2020) within 90 days of the closing date (August 18, 2020);
- iii. Issue 410,000 common shares of the Company (issued on October 26, 2021) and pay \$12,000 cash (paid on October 22, 2021) on the date that is 18 months from the closing date (November 17, 2021);
- iv. Issue 230,000 common shares of the Company (issued on October 26, 2021) and pay \$24,000 cash (paid on October 22, 2021) on the date that is 30 months from the closing date (November 17, 2022);

The Company has acquired 100% interest in the property as all obligations under the option agreement have been met, subject to the grant of Net Smelter Royalty of 2% to the optionor. The title to the claims has been transferred to the Company.



XANDER RESOURCES INC.

Notes to the Interim Condensed Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at and for the periods ended September 30, 2022 and 2021

4. EXPLORATION AND EVALUATION EXPENDITURES (continued)

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

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.

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

- i. Incur \$175,000 of exploration expenditure 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).

Pursuant to the cash payment on October 22, 2021, and the share issuance on October 26, 2021, North American Exploration Ltd and Silverwater Capital Corp. agreed to relieve the Company of the obligation to spend \$625,000 in exploration expenditure 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.

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. As of September 30, 2022, the Company has spent \$243,183 in qualified exploration expenditures.

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 (issued) and pay \$15,000 cash (paid) on the date that is 18 months from the closing date (November 17, 2021);
- iii. Issue 80,000 common shares of the Company (issued) and pay \$20,000 cash (paid) 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 acquired 100% interest in the property as all obligations under the option agreement have been met, subject to the grant of Net Smelter Royalty of 2% to the optionor. The title to the claims has been transferred to the Company.



XANDER RESOURCES INC.

Notes to the Interim Condensed Financial Statements

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4. EXPLORATION AND EVALUATION EXPENDITURES (continued)

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.

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

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 (567,000 common shares issued) and pay \$2,319 (paid) in one year subject to the grant of Net Smelter Royalty of 2% to the optionor.

On August 20, 2021, the Company decided not to proceed with the option agreement for Bachelor North Property. Therefore, the company is not pursuing the property and no further exploration activities will be conducted on this property.

CNC Timmins 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 (286 mineral claims). 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 (issued on November 3, 2021) of the Company on or before acceptance by TSXV (November 3, 2021);
- ii. Cash payment of \$50,000 (paid on April 29, 2022) payable within 90 days of closing date (January 17, 2022);
- iii. Issue 1,000,000 common shares (issued on April 29, 2022) of the Company within 90 days of closing date (January 17, 2022);
- iv. Issue 1,000,000 common shares of the Company (subsequently issued on November 10, 2022) and cash payment of \$50,000 (paid \$25,000 on April 29, 2022) 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).



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4. EXPLORATION AND EVALUATION EXPENDITURES (continued)

CNC Timmins Property (continued)

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. Incur \$120,000 in exploration and expenditure (incurred) within six months after the closing (April 18, 2022);
- ii. Incur \$380,000 in exploration and evaluation (incurred \$63,610) expenditure and 1,500 meters of diamond drilling within one year after the Closing (October 18, 2022). As of September 30, 2022, the drilling has not started yet, and all the expenditure belongs to the preparation for drilling;
- iii. \$750,000 and 1500 meters of diamond drilling within two years after the closing date (October 19, 2023).

The Company will have acquired a 100% interest in the property once conditions under the option agreement have been met, subject to the grant of Net Smelter Royalty of 3% to the optionor.

Pursuant to the agreement, the Company has agreed to pay North American Exploration Ltd. and Jonathon Deluce 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.

5. MARKETABLE SECURITIES

Pursuant to the agreement entered November 23, 2021, QL minerals issued 400,000 common shares at a price of \$0.25 for an aggregate consideration of \$100,000 (Note 4).

On July 28, 2022, First Lithium Minerals Corp., closed a reverse takeover ("RTO") of PetroCorp Group Inc. by First Lithium Minerals Inc. and QL Minerals Inc. In connection with the RTO transaction, all of the outstanding shares of First Lithium Minerals Inc. and QL Minerals Inc. were exchanged for shares of PetroCorp, and PetroCorp changed its name to "First Lithium Minerals Inc." Hence the Company received 400,000 shares from First Lithium Minerals Corp. as replacement for the 400,000 shares previously received from QL Minerals Inc.

As at September 30, 2022, the shares are valued at \$64,000 (March 31, 2022 - \$20,000).

The gain in the fair value of the shares of \$44,000 (September 30, 2021 - \$Nil) was recognized in the statements of net and Comprehensive loss.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	March 31, 2022
Accounts payable	\$ 34,616	\$ 126,908
Accrued liabilities	46,927	64,364
	\$ 81,543	\$ 191,272

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7. 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, 2022, \$3,896 (March 31, 2022 - \$146,483) was due to related parties as follows:

	September 30, 2022	March 31, 2022
Company controlled by the CEO	\$ -	\$ 56,755
CFO	3,896	16,800
Directors	-	12,067
Former CEO	-	15,861
Party related to CEO of the Company	-	45,000
	\$ 3,896	\$ 146,483

During the six months ended September 30, 2022, and 2021, the Company incurred the following amounts through transactions with the directors and officers of the Company:

	September 30, 2022	September 30, 2021
Expenses paid or accrued to directors of the Company, senior officers and companies with common directors:		
Management fees	\$ 138,500	\$ 57,000
Accounting fees	24,493	12,000
	\$ 162,993	\$ 69,000

Management fees consists of the following:

	September 30, 2022	September 30, 2021
Company controlled by the CEO	\$ 87,500	\$ -
CFO	21,000	15,000
Directors	30,000	21,000
Former CEO	-	21,000
	\$ 138,500	\$ 57,000

During the six months ended September 30, 2022, the Company paid \$24,493 (2021 – \$12,000) in accounting fees to the CFO.



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7. RELATED PARTY TRANSACTIONS (continued)

Share-based compensation consists of the following:

	September 30, 2022		September 30, 2021	
	Number of options	Share-based payment - \$ -	Number of options	Share-based payment - \$ -
CEO	1,000,000	63,420	300,000	17,035
Directors	800,000	50,736	150,000	15,894
Former CEO	700,000	44,394	-	-
	2,500,000	158,550	450,000	32,929

Related party transactions and key management compensation

On May 3, 2022, the Company granted 4,490,377 stock options to certain directors, officers and consultants of the Company. Out of this, 2,500,000 stock options granted to the CEO, directors and former director of the company and recorded \$158,500 as share-based compensation expense (Note 10).

8. FLOW-THROUGH PREMIUM LIABILITY

On April 29, 2022, the Company issued 6,500,000 flow-through units for gross proceeds of \$520,000 and recognized a deferred flow-through premium ('FT premium') of \$65,000. The Company is required to spend the gross proceeds towards eligible exploration expenditure ('FT expenditure') by December 31, 2023, and the FT premium will be recognized as income in the proportion of FT expenditure incurred by the Company.

As of September 30, 2022, the Company has incurred \$157,241 as FT expenditure and has recognized flow-through income of \$19,656 (2021 – \$Nil).

As at September 30, 2022, FT premium liability outstanding relating to these flow-through shares was \$45,344 (March 31, 2022 – \$Nil) and the Company is required to spend approximately \$362,759 in eligible exploration expenditures by December 31, 2023.

On May 17, 2022, Revenue Quebec assessed a refundable mining tax credit of \$69,862 for the flow through money spent on exploration activities in the province of Quebec.

9. 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 principal amount of the Convertible Debentures then outstanding, plus any accrued but unpaid interest.



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9. CONVERTIBLE DEBENTURES (continued)

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.

During the six months ended September 30, 2022, the Company recorded accretion expense of \$63 (2021 – \$222) and interest expense of \$361 (2021 – \$501) in relation to the convertible debentures. The Company issued 122,247 common shares to convert a value of \$12,224 due in debentures and related interest. The fair value of the conversion component of the debentures exercised was \$901 resulting in transfer of \$901 from reserves to share capital.

As at September 30, 2022, the Company has issued an aggregate of 1,455,690 common shares to convert all of the outstanding debentures, along with the accrued interest.

10. SHARE CAPITAL

Authorized:

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

Issued:

As at September 30, 2022, there were 70,266,223 (March 31, 2022 – 31,240,206) issued and fully paid common shares.

Transactions during the six months ended September 30, 2022

On April 29, 2022, the Company issued 1,500,000 common shares of the Company at a price of \$0.08 per share with respect to CNC Timmins Property (Note 4). On the same date, the Company closed a non-brokered private placement issuing an aggregate of 30,903,770 units of the Company at a price of \$0.07 per unit and received gross proceeds of \$2,163,264 and 6,500,000 flow-through (FT) units at \$0.08 per FT Unit for gross proceeds of \$520,000. Each unit consists of one common share and one transferable share purchase warrant of the Company exercisable at \$0.10 per share for a period of 3 years from the date of closing of the Private Placement.

On August 10, 2022, the Company issued 122,247 common shares to convert a value of \$12,224 due in debentures and related interest (Note 9).

Transactions during the year ended March 31, 2022

On November 3, 2021, the Company issued 600,000 common shares of the company at a price of \$0.21 per share with respect to CNC Timmins Property (Note 4).

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 Silverwater 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 (Note 4).



XANDER RESOURCES INC.

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10. SHARE CAPITAL (continued)

Transactions during the year ended March 31, 2022 (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 (Note 4).

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 2 years from the date of closing of the Private Placement. In connection with the private placement, the Company paid \$2,950 in cash as finder's fees.

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).

On March 14, 2021, and April 14, 2021, pursuant to the exercise of stock option, the Company issued 50,000 and 300,000 common shares for aggregate proceeds of \$2,500 and \$45,000, respectively. The fair value of options exercised amounted to \$1,868 and \$35,689.

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 12-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.

Transactions during six months ended September 30, 2022

On July 20, 2022, the granted 400,000 incentive 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 \$0.06 for a period of 2 years. The options vest immediately.

On May 9, 2022, the Company granted 400,000 incentive stock options to certain consultants of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.07 for a period of 5 years. The options vest immediately. The resulting fair value of \$23,548 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 124.57%; a risk-free interest rate of 1.16%, and an expected average life of 5 years.



XANDER RESOURCES INC.

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As at and for the periods ended September 30, 2022 and 2021

10. SHARE CAPITAL (continued)

Share Options (continued)

Transactions during six months ended September 30, 2022 (continued)

On May 3, 2022, the Company granted 4,490,377 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 \$0.07 for a period of 5 years. The options vest immediately. The resulting fair value of \$284,778 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 124.41%; a risk-free interest rate of 1.07%, and an expected average life of 5 years.

On April 22, 2022, the Company granted 319,021 incentive stock options to certain consultants of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.065 for a period of 5 years. The options vest immediately. The resulting fair value of \$17,398 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 124.33%; a risk-free interest rate of 0.86%, and an expected average life of 5 years.

During the period ended September 30, 2022, 450,000 of the outstanding stock options expired unexercised and 650,000 of the outstanding options were cancelled. The corresponding amount of \$149,251 was transferred from share-based payment reserve to deficit.

Transactions during the year ended March 31, 2022

On December 1, 2021, the company granted 10,000 stock options to a former director of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of \$0.14 for a period of 5 years. The options vest immediately. The resulting fair value of \$807 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 145.53%; a risk-free interest rate of -0.06%, and an expected average life of 5 years.

On November 26, 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 \$0.135 for a period of 2 years. The options vest immediately. The resulting fair value of \$5,134 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 145.70%; a risk-free interest rate of 0.080%, and an expected average life of 2 year.

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 1 years. The options vest immediately. The resulting fair value of \$6,527 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 130.15%; a risk-free interest rate of 0.06%, and an expected average life of 1 year.

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 1 year. The options vest immediately. The resulting fair value of \$9,818 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 130.12%; a risk-free interest rate of 0.26%, and an expected average life of 1 year.

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10. SHARE CAPITAL (continued)**Share Options (continued)***Transactions during the year ended March 31, 2022 (continued)*

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 1 year. The options vest immediately. The resulting fair value of \$4,118 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 130%; a risk-free interest rate of 0.06%, and an expected average life of 1 year.

On October 14, 2021, the Company granted 275,000 stock options to certain 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. The resulting fair value of \$30,519 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120.32%; a risk-free interest rate of 0.14%, and an expected average life of 5 years.

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. The resulting fair value of \$58,848 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120.27%; a risk-free interest rate of 0.2%, and an expected average life of 5 years.

On October 1, 2021, the Company granted 200,000 stock options to certain 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 5 years ending October 1, 2026, and 50,000 stock options are exercisable for a period of 2 years ending October 1, 2023. All the stock options vest immediately. The resulting fair value of \$16,188 and \$4,073 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 119.42%; a risk-free interest rate of 0.22%, and an expected average life of 5 years and 2 years respectively.

On September 15, 2021, the Company granted 150,000 stock options to the Director 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 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 0.03%, and an expected average life of 5 years.

On July 12, 2021, the Company granted 300,000 stock options to the CEO 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 2 years ending July 12, 2023. The resulting fair value of \$22,931 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 1 year ending June 1, 2022. The options vested immediately. The resulting fair value of \$8,833 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.



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10. SHARE CAPITAL (continued)

Share Options (continued)

Transactions during the year ended March 31, 2022 (continued)

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 6 months ending on October 14, 2021. The options vested immediately. The resulting fair value of \$33,467 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 6 months.

During the year ended March 31, 2022, 590,000 of the outstanding stock options expired unexercised and 594,021 of the outstanding options were cancelled. The corresponding amount of \$90,159 was transferred from share-based payment reserve to deficit.

	Options outstanding	Weighted average exercise price	Weighted average years to expiry
Balance at March 31, 2021	1,975,000	\$ 0.15	3.75
Options granted ⁽¹⁾	2,364,021	0.14	2.14
Options exercised	(350,000)	0.14	4.61
Options cancelled	(594,021)	0.15	-
Options expired	(590,000)	0.16	-
Balance at March 31, 2022	2,805,000	\$ 0.14	2.91
Options granted	5,309,398	\$ 0.07	4.92
Options cancelled	(650,000)	1.86	0.29
Options expired	(450,000)	0.44	0.14
Balance at September 30, 2022	7,014,398	\$ 0.06	4.05

⁽¹⁾On December 01, 2021, the expiry date of 225,000 stock options of a Former Director was extended by one year for expiry on November 30, 2022.

Details of options outstanding as at September 30, 2022 are as follows:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average contractual life in years
125,000	-	May 4, 2025	0.05
125,000	-	November 30, 2022	0.00
75,000	-	November 30, 2022	0.00
275,000	0.01	November 23, 2025	0.12
200,000	-	December 29, 2025	0.09
300,000	0.01	July 12, 2023	0.03
150,000	-	September 15, 2026	0.08
50,000	-	October 1, 2023	0.01
150,000	-	October 1, 2026	0.09
220,000	-	October 13, 2026	0.13
25,000	-	November 30, 2022	0.00
10,000	-	December 1, 2026	0.01
319,021	-	April 22, 2027	0.21
4,490,377	0.04	May 3, 2027	2.94
400,000	-	May 9, 2027	0.26
100,000	-	July 20, 2024	0.03
7,014,398	0.06		4.05

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10. SHARE CAPITAL (continued)**Warrants***Transactions during six months ended September 30, 2022*

On April 29, 2022, the Company granted 37,403,770 share warrants as a part of the units sold in the non-brokered private placement. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 for a period of three years.

The Company also granted 2,911,000 and 269,945 finder's warrants with respect to the above-mentioned private placement with an exercise price of \$0.07 and \$0.10 respectively. These finder's warrants are exercisable for a period of three years. The estimated fair value of the warrants was \$212,330. The warrants were fair valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 0.93%; expected life – 3 years; expected volatility – 155.96%; forfeiture rate – Nil and expected dividends – Nil.

Transactions during the year ended March 31, 2022

Pursuant to the private placement closed on October 13, 2021, the Company issued 4,200,000 share warrants exercisable at \$0.20 per share for a period of 2 years.

As at September 30, 2022, the Company had 48,443,716 share warrants outstanding (March 31, 2022 – 11,861,801). A summary of changes in outstanding warrants is as follows:

	Warrants outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance at March 31, 2021	7,866,551	\$ 0.24	0.64
Warrants issued	4,200,000	0.20	1.54
Warrants expired	(204,750)	0.25	
Balance at March 31, 2022	11,861,801	\$ 0.23	1.00
Warrants issued	40,584,715	0.10	2.58
Warrants expired	(4,002,800)	0.25	-
Balance at September 30, 2022	48,443,716	\$ 0.11	2.32

- (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.
- (2) On August 5, 2022, the Company extended the expiration of 784,000 and 763,890 warrants originally issued pursuant to non-brokered private placements on August 24, 2020, and December 22, 2020, respectively. All other terms and conditions of the Warrants, including the exercise price, remain the same.

**XANDER RESOURCES INC.**

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10. SHARE CAPITAL (continued)**Warrants (continued)**

Details of warrants outstanding as at September 30, 2022, are as follows:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average contractual life in years
784,000	\$ -	August 24, 2023	0.01
-	-	August 24, 2022	0.00
2,000,000	0.01	October 20, 2023	0.04
763,890	-	December 22, 2023	0.02
111,111	-	December 22, 2022	0.00
4,200,000	0.02	October 14, 2023	0.09
37,403,770	0.08	April 29, 2025	1.99
2,911,000	-	April 29, 2025	0.16
269,945	-	April 29, 2025	0.01
48,443,716	\$ 0.11		2.32

⁽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 30th 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.

⁽²⁾ The Company announced on August 5, 2022, the 1-year extension of these warrants that will originally set to expire on August 23, 2022, and December 22, 2022 (Note 17).

11. 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 is transferred from share-based payment reserve to deficit. The balance in the share-based payment reserve as on September 30, 2022, was \$595,950 (March 31, 2022 – \$417,537).

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, 2022, was \$316,808 (March 31, 2022 – \$104,478).

12. 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.

**XANDER RESOURCES INC.**

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12. CAPITAL DISCLOSURE (continued)

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 period.

13. ADDITIONAL CASH FLOW INFORMATION

During the period ended September 30, 2022, and 2021, the Company incurred non-cash financing activities as follows:

	September 30, 2022	September 30, 2021
Non-cash financing activities:		
Fair value of options vested	\$ 327,664	\$ 22,263
Fair value of options cancelled	100,488	-
Fair value of options expired	48,763	-
Shares issued for exercise of conversion of debentures	13,125	-
Fair value of options exercised	-	37,557
Non-cash investing activities:		
Shares issued for exploration and evaluation assets	\$ 120,000	\$ 160,730



XANDER RESOURCES INC.

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14. FINANCIAL INSTRUMENTS AND RISKS

Fair Values

The Company's financial instruments consist of cash, marketable securities, taxes receivable, accounts payable, due to related parties 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, 2022, due to their short-term nature.

The following table presents the Company's financial instruments, measured at fair value on the statements of financial position as at September 30, 2022 and 2021 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) \$	
September 30, 2022				
Assets:				
Cash	1,481,799	-	-	1,481,799
Marketable securities	64,000	-	-	64,000
Taxes Receivable	19,622	-	-	19,622
Liabilities:				
Accounts payable	-	34,616	-	34,616
Due to related parties	-	3,896	-	3,896
March 31, 2022				
Assets:				
Cash	124,572	-	-	124,572
Taxes Receivable	-	13,616	-	13,616
Marketable securities	-	-	20,000	20,000
Liabilities:				
Accounts payable	-	126,908	-	126,908
Due to related parties	-	146,483	-	146,483

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

Change in level 3 investment

	Marketable securities (Note 5)
Fair value at March 31, 2022	\$ 20,000
Fair value adjustment	44,000
Fair value at September 30, 2022	\$ 64,000



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14. FINANCIAL INSTRUMENTS AND RISKS (continued)

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.

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.

15. 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.

16. COMMITMENTS AND CONTINGENCIES

The Company has certain commitments in connection with its mineral properties (Note 4).

On April 29, 2022, the Company entered into Flow-through Share Subscription Agreements whereby it was committed to incur the qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada until December 31, 2023, from the date of the subscription agreement. As at September 30, 2022, the Company has to incur \$362,758 in qualifying CEE as per the commitment (Note 8).

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16. COMMITMENTS AND CONTINGENCIES (continued)

The Company has certain commitments with 2 manager consultants related to key management compensation per month equivalent to \$15,000 and \$5,000 respectively (Note 7). Further, the Company has commitments with these managers in case they are terminated without Just cause, due to disability, due to death, or due to a change in control. The Company is liable to pay any amount accrued for the Managers' services that are remain unpaid up to the date termination, any bonus approved by Board prior to the termination, and the replacement value equal to 24 months of insurance benefits that the director is receiving at the time of the termination. In addition, the Company is obligated to pay the sum equal to \$300,000 and \$60,000 respectively. However, the managers will not be entitled to receive any further amounts, including but not limited to, severance pay, notice, payment in lieu of notice, or damages of any kind and the managers will have thereupon released all claims and entitlements thereto, without limitation.

17. SUBSEQUENT EVENTS

On October 13, 2022, the Company entered into an agreement with North American Exploration Ltd. and Silverwater Capital Corp. (the 'Optionors') to acquire 100% interest west to the CNC Timmins Property (100 mineral claims) ('CNC West'). Pursuant to the agreement, the Company will issue 9,000,000 common shares and pay \$450,000 in cash as follows:

- I. Pay \$50,000 cash (paid on October 21, 2022) upon the execution of the agreement (October 13, 2022);
- II. Issue 9,000,000 million shares (issued on November 17, 2022) within five days of TSXV approval (October 26, 2022);
- III. Pay \$100,000 on or before 6 months of the execution of this agreement, in cash or shares at the election of the Company (April 13, 2023);
- IV. Pay \$100,000 on or before 12 months of the execution of this agreement, in cash or shares at the election of the Company (October 13, 2023);
- V. Pay \$100,000 on or before 18 months of the execution of this agreement, in cash or shares at the election of the Company (April 13, 2024);
- VI. Pay \$100,000 on or before 24 months of the execution of this agreement, in cash or shares at the election of the Company (October 13, 2024);

The Company is also required to incur \$500,000 of qualified exploration expenditures including 1500 meters of diamond drilling on CNC West within two years of the execution of the agreement, of which not less than \$50,000 will be incurred within one year. Out of this \$500,000 expenditure, \$400,000 expenditure obligation can be satisfied by payment in cash or stock at the election of the Company.

The Company will have acquired a 100% interest in the property once the conditions under the option agreement have been met, subject to the grant of Net Smelter Royalty of 3% to the Optionors.

The Company has the option to buy back one-third of the NSR Royalty with a cash payment of \$1,000,000.

Pursuant to the agreement, the Company has agreed to pay the Optionors 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 November 10, 2022, pursuant to the option agreement for CNC Timmins Property, the Company issued 1,000,000 common shares for a fair value of \$40,000.

On November 22, 2022, Revenue Quebec assessed a refundable mining tax credit of \$39,081 for the flow through money spent on exploration activities in the province of Quebec.