



*(an exploration stage enterprise)*

**Condensed Interim Consolidated Financial Statements**

**Nine months ended September 30, 2021 and 2020**

*(Unaudited - Expressed in Canadian Dollars)*

## **NOTICE OF NO AUDITOR REVIEW**

### **NOTICE TO READERS**

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

The condensed interim consolidated financial statements of Eros Resources Corp. (an exploration stage company) are the responsibility of the Company's management. The condensed interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised primarily of non-management directors.

The Company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

**"Ronald K. Netolitzky"**

Ronald K. Netolitzky  
Chief Executive Officer

**"Andrew Davidson"**

Andrew Davidson  
Chief Financial Officer

Vancouver, British Columbia  
November 29, 2021

**EROS RESOURCES CORP.***(an exploration stage enterprise)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(unaudited - expressed in Canadian dollars)

	Note	September 30, 2021	December 31, 2020
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 427,743	\$ 1,713,549
Accounts receivable		32,183	198,258
Prepaid expenses		21,338	32,672
Promissory notes receivable	9	-	968,461
		<b>1,765,705</b>	<b>2,912,940</b>
<b>Marketable securities</b>	4	<b>16,372,897</b>	<b>17,885,855</b>
<b>Reclamation bonds</b>		<b>26,179</b>	<b>26,179</b>
<b>Exploration and evaluation interests</b>	5	<b>2,443,406</b>	<b>2,230,083</b>
<b>Right-of-use asset</b>	11	<b>12,760</b>	<b>12,761</b>
<b>Property and equipment</b>	6	<b>7,976</b>	<b>6,130</b>
		<b>\$ 19,344,482</b>	<b>\$ 23,073,948</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 299,910	\$ 439,842
Income taxes payable		409,946	409,946
Lease liability – short term	11	13,281	13,281
		<b>723,137</b>	<b>863,069</b>
<b>Lease liability – long term</b>	11	<b>1,175</b>	<b>1,175</b>
<b>Decommissioning liability</b>	10	<b>135,702</b>	<b>135,703</b>
<b>Deferred income tax</b>		<b>3,250,818</b>	<b>3,250,818</b>
		<b>4,110,832</b>	<b>4,250,765</b>
<b>Shareholders' Equity</b>			
<b>Capital stock</b>	7	<b>74,809,125</b>	<b>74,809,125</b>
<b>Contributed surplus</b>	7	<b>1,061,840</b>	<b>1,061,840</b>
<b>Deficit</b>		<b>(60,637,315)</b>	<b>(57,047,782)</b>
		<b>15,233,650</b>	<b>18,823,183</b>
		<b>\$ 19,344,482</b>	<b>\$ 23,073,948</b>

**Note 1: Going Concern****On behalf of the Board:***"Tom MacNeill"*

Tom MacNeill, Director

*"Ron Netolitzky"*

Ron Netolitzky, Director

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

**EROS RESOURCES CORP.***(an exploration stage enterprise)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(unaudited - expressed in Canadian dollars)

	<u>Capital Stock</u>			Contributed Surplus	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance at January 1, 2020	48,446,854	\$ 72,394,552	\$ 1,024,025	\$ (68,226,625)	\$5,191,952	
Shares issued	48,446,887	\$2,497,344	-	-	2,497,344	
Share issue costs	-	81,214	-	-	81,214	
Net income for the period	-	-	-	12,119,034	12,119,034	
Balance at September 30, 2020	96,893,741	\$ 74,810,683	\$ 1,024,025	\$ (56,107,591)	\$ 19,727,116	
Balance at January 1, 2021	97,893,741	74,809,125	1,061,840	(57,047,782)	18,823,183	
Net income for the period	-	-	-	(3,589,533)	(3,589,533)	
Balance at September 30, 2021	97,893,741	\$ 74,809,125	\$ 1,061,840	\$ (60,637,315)	\$ 15,233,650	

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

**EROS RESOURCES CORP.***(an exploration stage enterprise)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME**

(unaudited - expressed in Canadian dollars)

		For the three months ended September 30		For the nine months ended September 30	
	Note	2021	2020	2021	2020
<b>Revenues</b>					
Oil Revenues		\$ -	\$ -	\$ -	\$ -
Net Revenue		-	-	-	-
Oil production expenses		<b>1,317</b>	-	<b>5,717</b>	(16,489)
<b>Gross loss</b>		<b>1,317</b>	-	<b>5,717</b>	(16,489)
<b>Expenses</b>					
Amortization		\$ 1,144	\$ 416	\$ 1,794	\$ 1,249
Consulting fees	8	<b>15,000</b>	7,500	<b>45,000</b>	22,500
Investor relations		<b>7,161</b>	8,635	<b>31,038</b>	36,860
Office and administration		<b>12,337</b>	12,717	<b>48,100</b>	36,008
Professional fees		<b>3,885</b>	1,297	<b>19,475</b>	12,257
Investment research		<b>6,000</b>	12,000	<b>18,000</b>	12,000
Transfer agent and listing fees		<b>1,109</b>	1,693	<b>18,339</b>	15,613
Travel		-	-	-	-
Wages and benefits	8	<b>37,543</b>	30,052	<b>108,204</b>	94,345
		<b>(84,179)</b>	(74,310)	<b>(289,950)</b>	(230,832)
<b>Other items</b>					
Gain (loss) on foreign exchange		<b>(1,871)</b>	(2,025)	<b>(2,558)</b>	8,467
Gain on sale of mineral property		-	-	-	2,819,784
Unrealized gain(loss) on marketable		<b>(1,557,011)</b>	(3,111,531)	<b>(3,496,211)</b>	9,443,895
Gain(loss) on sale of marketable		<b>64,311</b>	647,955	<b>318,357</b>	94,209
<b>(Loss) Income before income taxes</b>		<b>(1,577,432)</b>	(2,539,911)	<b>(3,464,645)</b>	12,119,034
<b>Income taxes</b>					
Deferred income tax		-	-	<b>124,888</b>	-
<b>Net and comprehensive income (loss) for the period</b>		<b>(1,577,432)</b>	(2,539,911)	<b>(3,589,533)</b>	12,119,034
<b>Basic net income (loss) per share</b>					
		\$ (0.02)	\$ (0.03)	\$ (0.04)	\$ 0.21
<b>Diluted net income (loss) per share</b>					
		\$ (0.02)	\$ (0.03)	\$ (0.04)	\$ 0.19
<b>Weighted average number of common shares outstanding</b>					
		<b>97,893,741</b>	74,771,826	<b>97,893,741</b>	57,318,273

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

**EROS RESOURCES CORP.***(an exploration stage enterprise)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited - expressed in Canadian dollars)

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
<b>Cash from operating activities</b>				
Net income (loss) for the period	\$ (1,577,432)	\$ (2,539,911)	\$ (3,589,533)	\$ 12,119,034
Add back non-cash items:				
Amortization	1,144	416	1,794	1,248
Gain on sale of marketable securities	(64,312)	(647,955)	(318,357)	(94,209)
Unrealized loss on marketable securities held for trading	1,557,011	3,111,531	3,496,211	(9,443,895)
Changes in non-cash working capital:				
Accounts receivable	896,173	(47,686)	1,134,536	(579,556)
Prepaid expenses	10,581	821	11,333	22,553
Accounts payable and accrued	(110,644)	(43,718)	(139,932)	(104,747)
<b>Cash from (used in) operating activities</b>	<b>712,522</b>	<b>(166,504)</b>	<b>(596,211)</b>	<b>1,920,426</b>
<b>Investing activities</b>				
Acquisition of marketable securities	(1,103,207)	(900,772)	(2,380,577)	(4,115,402)
Proceeds on sale of marketable securities	98,857	1,206,596	715,681	3,135,919
Acquisition of property and equipment	(3,640)	-	(3,640)	-
Exploration and evaluation expenditures	(82,221)	(314,032)	(213,323)	(619,517)
<b>Cash from (used in) investing activities</b>	<b>(1,090,211)</b>	<b>(8,208)</b>	<b>(1,881,859)</b>	<b>(1,599,000)</b>
<b>Financing activities</b>				
Proceeds from issuance of shares	-	2,416,133	-	2,416,133
<b>Cash from financing activities</b>	<b>-</b>	<b>2,416,133</b>	<b>-</b>	<b>2,416,133</b>
<b>Increase (decrease) in cash during the period</b>	<b>(377,690)</b>	<b>2,256,236</b>	<b>(1,285,807)</b>	<b>2,737,559</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>805,431</b>	<b>712,241</b>	<b>1,713,549</b>	<b>224,544</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 427,743</b>	<b>\$ 2,968,477</b>	<b>\$ 427,743</b>	<b>\$ 2,968,477</b>
<b>Cash and cash equivalents consist of:</b>				
Cash	\$ 427,743	\$ 2,968,477	\$ 427,743	\$ 2,968,477
Short-term deposits	-	-	-	-
	<b>\$ 427,743</b>	<b>\$ 2,968,477</b>	<b>\$ 427,743</b>	<b>\$ 2,968,477</b>
<b>Supplemental Cash Flow Information</b>				
Interest received	\$ -	\$ -	\$ -	\$ -

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

## **EROS RESOURCES CORP.**

*(an exploration stage enterprise)*

### **Notes to the Condensed Interim Consolidated Financial Statements**

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

**(unaudited - expressed in Canadian dollars)**

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

Eros Resources Corp.'s ("Eros" or the "Company") principal business activities include the acquisition, exploration and development of mineral and oil and gas resource properties in North America. The Company's corporate office is located at Suite 420, 789 West Pender Street, Vancouver, British Columbia V6C 1H2. Eros is a Tier 1 company on the TSX Venture Exchange ("TSX-V").

These condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses that will generate positive cash flow.

The business of mining and exploring for minerals and oil and gas reserves involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations or the ability of the Company to raise alternative financing.

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

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting.

These condensed interim consolidated financial statements include the accounts of Eros and its wholly owned subsidiaries, Anthem Resources Incorporated ("Anthem") and Otish Minerals Ltd., both companies incorporated in British Columbia, and Bell Mountain Exploration Corp. ("Bell Mountain"), a company incorporated in Nevada, USA. These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

##### **Basis of measurement**

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. In addition, these financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

## **EROS RESOURCES CORP.**

*(an exploration stage enterprise)*

### **Notes to the Condensed Interim Consolidated Financial Statements**

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

**(unaudited - expressed in Canadian dollars)**

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### **3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The marketable securities which consist of common shares are based on quoted prices and are therefore considered to be Level 1. The marketable securities which consist of warrants are based on inputs other than quoted prices and therefore considered Level 2. The Company's risk exposures are summarized below:

#### **Credit risk**

Credit risk is the risk that the Company will incur an unexpected loss as a result of the counterparty to a financial asset failing to meet their contractual obligations. The Company's financial assets that are exposed to credit risk are cash and cash equivalents, accounts receivable, and promissory notes receivable. The Company holds cash at a major Canadian financial institution in accordance with the Company's investment policy. Management considers credit risk on cash to be low, as the counterparties are highly rated Canadian banks. The Company is exposed to some credit risk on accounts receivable and promissory notes receivable, apart from sales tax refunds receivable.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it has sufficient capital to meet short-term financial obligations after taking into account its exploration obligations and cash on hand. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

#### **Market risk**

Market risk consists of interest rate risk, foreign currency risk and other price risk. Market risk to which the Company is exposed is as follows:

##### *Interest rate risk*

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

## EROS RESOURCES CORP.

(an exploration stage enterprise)

### Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021 and 2020

(unaudited - expressed in Canadian dollars)

### 3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

#### Market risk (continued)

##### Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. A significant change in the exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's future results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at September 30, 2021 and December 31, 2020, the Company is exposed to currency risk through the following financial assets denominated in a currency other than the Canadian dollar:

	September 30, 2021		December 31, 2020	
	US \$	CDN \$	US \$	CDN \$
Cash	376,117	51,626	31,739	40,729
Accounts payable	(249,510)	(50,400)	(19,652)	(25,017)

Based on the above, assuming all other variables remain constant, a 10% strengthening of the Canadian dollar against the US dollar would have increased the Company's comprehensive income by \$502 (December 31, 2020 - \$1,209). A weakening of the Canadian dollar would have the opposite effect.

##### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's marketable securities are carried at market value and are therefore directly affected by fluctuations in the market value of the underlying securities. Changes in market prices of securities in the portfolio have a material effect on net income (loss). A 20% increase in the market prices would have increased the Company's net income by \$3,372,249 (December 31, 2020 - \$3,577,171). A 20% decrease in the market prices of those securities would have decreased the Company's net income by the same amount.

### 4. MARKETABLE SECURITIES

Company	September 30, 2021	
	Number of common shares	Equity securities
Skeena Resources Limited	822,675	\$ 10,332,798
MAS Gold Corp.	19,614,286	2,059,500
Southern Empire Resources Corp.	9,298,654	1,255,318
Eagle Plains Resources Ltd.	3,000,000	525,000
Nickel North Exploration Corp.	10,933,707	382,680
Taiga Gold Corp.	1,925,000	360,000
Cornish Metals Inc.	1,350,000	310,500
Atico Mining Corp.	225,000	130,000
Tembo Gold Corp.	400,000	80,000
Metallic Minerals Corp.	228,000	78,660
Rokmaster Resources Corp.	202,000	73,730
Other equities and warrants		784,711
		\$ 16,372,897

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2021 and 2020****(unaudited - expressed in Canadian dollars)****4. MARKETABLE SECURITIES (continued)**

	<b>December 31, 2020</b>	
Company	Number of common shares	Equity securities
Skeena Resources Limited	3,300,582	\$ 11,354,002
Southern Empire Resources Corp.	9,298,654	2,465,279
MAS Gold Corp.	11,790,476	1,061,143
Nickel North Exploration Corp.	10,933,707	382,680
Libero Copper & Gold Corp.	625,000	265,625
Rokmaster Resources Corp.	295,000	212,400
Cornish Metals Inc.	2,152,500	193,725
Atico Mining Corp.	312,706	171,988
SKRR Resources Corp.	540,000	145,800
Eagle Plains Resources Ltd.	850,000	119,000
Other Equities and warrants	-	1,514,213
		<b>\$ 17,885,855</b>

Securities were purchased and sold during the period, resulting in the realization of gains and losses. The fair value of equity securities is determined by reference to closing prices on a stock exchange. The marketable securities portfolio includes warrants where fair values were estimated using the Black Sholes option pricing model using the following ranges of inputs:

	<b>2021</b>	<b>2020</b>
Stock price	Closing prices	Closing prices
Exercise price	\$0.10 to \$2.00	\$0.085 to \$0.60
Expected life	0.14 to 3.99 years	0.05 to 1.64 years
Annualized volatility	80%	80%
Dividend rate	0%	0%
Risk-free interest rate	0.96% to 1.27%	0.42% to 0.46%

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2021 and 2020****(unaudited - expressed in Canadian dollars)****5. EXPLORATION AND EVALUATION INTERESTS**

The investment in exploration and evaluation assets to September 30, 2021 has been capitalized as follows:

Commodity	British Columbia	Saskatchewan	Nevada	Total
	Gold	Uranium	Gold	
Balance at December 31, 2019	\$ 6,500	\$ 6,527	\$ 1,413,117	\$ 1,426,144
Additions:				
Land cost	-	-	-	-
Staking and maintenance	-	-	66,183	66,183
Geology/ geophysics	-	15,816	521,093	536,909
Field support	-	-	37,586	37,586
Environmental and socio-economic	-	-	112,477	112,477
Total additions for the period:	-	15,816	794,623	535,949
Disposals during the year	(6,500)	-	-	-
Reversal of impairment	-	-	-	-
Transfer to asset held for sale	-	-	-	-
Balance at December 31, 2020	-	22,343	2,207,740	2,230,083
Land costs	-	-	-	-
Staking and maintenance	-	-	40,202	40,202
Geology/ geophysics	-	-	101,134	101,134
Field support	-	-	12,599	12,599
Environmental and socio-economic	-	-	59,424	59,424
Total additions for the period:	-	-	213,359	213,359
Balance at September 30, 2021	-	\$ 22,343	\$ 2,421,063	\$ 2,443,406

**EROS RESOURCES CORP.**

*(an exploration stage enterprise)*

**Notes to the Condensed Interim Consolidated Financial Statements  
For the nine months ended September 30, 2021 and 2020  
(unaudited - expressed in Canadian dollars)**

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**5. EXPLORATION AND EVALUATION INTERESTS (continued)****Realization of exploration and evaluation assets**

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment and maintenance of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. There can be no assurance that compensation will be received for properties that have been or may be expropriated. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or if the claims are allowed to lapse.

**Title to exploration and evaluation interests**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties. The Company has investigated title to its mineral property interests in accordance with industry standards for the current stage of exploration of such properties, and, to the best of its knowledge, title to its properties are in good standing; however, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

**Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

## **EROS RESOURCES CORP.**

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**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the nine months ended September 30, 2021 and 2020**  
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### **5. EXPLORATION AND EVALUATION INTERESTS (continued)**

#### **a. Nevada**

In August 2016, the Department of the Navy of the United States Department of Defense (the "Navy") issued a notice of its intent to prepare an environmental impact statement ("EIS") regarding a proposed expansion of the Fallon Range Training Complex, including a proposed withdrawal and reservation of military use of public lands. The Company's Bell Mountain Project consists of unpatented mining claims that are located on federal lands within the proposed expansion area. As a result, surface activity on the Bell Mountain site has been prohibited by the Navy during the EIS period.

On July 10, 2018, the Bureau of Land Management ("BLM") announced that it has submitted an application to withdraw 769,724 acres for land management evaluation purposes for up to four years from all forms of appropriation under public land laws, subject to valid existing rights. The purpose of the withdrawal is to maintain current environmental baseline conditions, relative to mineral exploration and development, subject to valid existing rights, in support of a possible legislative transfer of land to the Department of Navy in furtherance of the Navy's proposed expansion of the Fallon Range Training Complex.

While not assured, the Company has a history of successfully obtaining compensation from governments when exploration rights are infringed upon. Should the expansion of the Fallon Range Training complex cause the Company's exploration rights or water rights to be rescinded or otherwise further infringed upon, the Company intends to seek appropriate compensation. However, in a subsequent notice issued in August 2018, containing a specific listings of the lands subject to the moratorium, the properties held by Eros were specifically excluded from the moratorium, allowing the Company to again commence exploration activities.

#### *Bell Mountain Property*

The Company has earned 100% ownership of the Bell Mountain gold-silver property. An Advance Royalty Payment of \$20,000 is due annually on June 15 until such time as there is production from the property (paid during the year ended December 31, 2016). Due to the Navy's proposed EIS regarding the expansion of the Fallon Range Training Complex, exploration activities at Bell Mountain are on hold, and payment of the advance royalty has been deferred by the royalty-holder for the years ended December 31, 2019 and 2018. In conjunction with the updated notice from the BLM in August of 2018 which exempts the Bell Mountain project from the moratorium on exploration activities, the Company is once again actively exploring its Nevada properties.

#### *Eastgate Property*

On May 25, 2015, the Company acquired a 30% interest in the Eastgate property in two transactions totalling US\$450,000. During the year ended December 31, 2016, the Company made a second payment of US\$200,000 to increase its property interest to 45%. During the year ended December 31, 2017, the Company impaired the carrying value of the Eastgate property to \$nil. During the year ended December 31, 2019, the Company identified indicators that the impairment loss may no longer exist primarily due to the asset purchase agreement (Note 12). In 2019, the Company recognized a reversal of impairment for \$334,345 related to the Eastgate property.

## **EROS RESOURCES CORP.**

*(an exploration stage enterprise)*

### **Notes to the Condensed Interim Consolidated Financial Statements**

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

**(unaudited - expressed in Canadian dollars)**

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#### **5. EXPLORATION AND EVALUATION INTERESTS (continued)**

On November 22, 2019, the Company entered into an asset purchase agreement with Southern Empire Resources (formerly "Owl Capital Corp.") ("Southern Empire"), whereby Southern Empire will purchase the Company's respective interest in the Eastgate property and Oro Cruz property. As such, the Eastgate property was classified as assets held for sale (Note 12). Management assessed the fair value less cost of disposal ("FVLCD") on the Eastgate property and determined the carrying amounts were less than their FVLCD.

##### **b. British Columbia**

###### *Golden Triangle*

The Company purchased a 5% minor investment interest in certain properties in the Golden Triangle area of northwest BC during the year ended December 31, 2016.

##### **c. Saskatchewan**

###### Saskatchewan uranium interests

###### *Hatchet Lake and Murphy Lake Joint Ventures*

The Company has an interest in two joint venture properties with Denison Mines Corp. ("Denison") as operator, located on the Wollaston Trend at the northeast margin of the Athabasca Basin. Eros holds a 29.89% joint venture interest for Hatchet Lake, and 21.04% for Murphy Lake with further dilution expected.

On November 15, 2019, the Company entered into a purchase agreement with Denison, whereby Denison acquired the Company's interest in the Murphy Lake joint venture agreement for 32,262 common shares of Denison. The shares were valued at \$20,970 and a gain of \$18,765 was recorded during the year ended December 31, 2019. During the year ended December 31, 2019, the Company along with Denison decided to reduce the Murphy Lake property by three claims due to management's assessment of prospectively for future exploration work.

###### *Wollaston Trend*

The Company has a 2% net smelter return royalty ("NSR") interest on 44 claims of uranium exploration lands along the Wollaston Trend underlying the southeast margin of the Athabasca Formation. Denison retains the right to purchase one-half of the NSR at any time for \$1,000,000.

###### *Athabasca Basin*

The Company has a 100% interest in six claim groups in the Athabasca Northern Basin of Saskatchewan. Some of the claims are subject to a non-participating, non-voting, carried 0.5% NSR.

###### Saskatchewan non-producing oil and gas interests

In 2018, the Company agreed to lease 415 hectares of land near its Flaxcombe wells for a 2 year period with an option to extend the lease for an additional 2 years. The Company also acquired 2D and 3D seismic data for the region and had it analysed in order to help identify potential drilling targets. During the year ended December 31, 2018, as the Company decided not to continue exploration on the land, the Company impaired its interests in the Saskatchewan non-producing oil and gas interests in accordance with Level 3 of the fair value hierarchy and recorded an impairment loss of \$82,455.

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2021 and 2020****(unaudited - expressed in Canadian dollars)****6. PROPERTY AND EQUIPMENT**

<b>Cost</b>	<b>Oil &amp; gas interests and equipment</b>	<b>Mineral exploration field equipment</b>	<b>Total</b>
Balance, December 31, 2019	\$ 392,210	\$ 94,440	\$ 487,140
Additions / disposals	-	-	14,767
Impairment	-	-	(13,257)
Balance, December 31, 2020	392,210	96,440	488,650
Additions / disposals	-	-	-
<b>Balance, September 30, 2021</b>	<b>\$ 392,210</b>	<b>\$ 96,440</b>	<b>\$ 488,650</b>
<b>Accumulated Amortization</b>			
Balance, December 31, 2019	\$ 392,210	\$ 88,645	\$ 480,855
Amortization / Depletion	-	1,665	1,665
Balance, December 31, 2020	392,210	90,310	482,520
Amortization / Depletion	-	650	650
<b>Balance, September 30, 2021</b>	<b>\$ 392,210</b>	<b>\$ 90,960</b>	<b>\$ 483,170</b>
<b>Carrying Value</b>			
Balance, December 31, 2020	\$ -	\$ 5,480	\$ 5,480
<b>Balance, September 30, 2021</b>	<b>\$ -</b>	<b>\$ 7,976</b>	<b>\$ 7,976</b>

*Flaxcombe – heavy oil*

On February 6, 2017, Eros funded the drilling of three vertical wells into the Flaxcombe heavy oil field, owned by Westcore Energy Ltd. (“Westcore”). According to the terms of the agreement with Westcore, Eros holds a 90% working interest in the wells until its investment is recovered, and a 50% interest thereafter. In addition, Eros retains a right of first refusal to participate on the same terms on two subsequent drill programs on the Flaxcombe field. Westcore is a related party by virtue of having a director in common with the Company.

During the year ended December 31, 2017, due primarily to the Company’s market capitalization, an indicator of impairment existed leading to a test of recoverable amount of the oil and gas assets. The Company estimated the recoverable amount based on fair value less cost of disposal using a discounted cash flow model categorized in Level 3 of the fair value hierarchy. Key assumptions in the determination of cash flows from reserves include crude prices, future capital and operating expenditures and discount rates specific to the underlying composition of assets residing in the cash generating unit, applied to the reserves included in the year-end reserves report. The post-tax discount rate used was 16.5%. The Company recorded an impairment loss of \$930,286.

During the year ended December 31, 2018 and continuing through 2019, the wells have been offline for significant periods of time, triggering an impairment test of the recoverable amount of the oil and gas assets. The Company estimated the recoverable amount based on fair value less cost of disposing using a discounted cash flow model categorized in Level 3 of the fair value hierarchy. The Company recorded an impairment loss of \$346,490 at December 31, 2018.

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2021 and 2020****(unaudited - expressed in Canadian dollars)****7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)****Authorized**

Unlimited number of common shares without par value

**Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants. Pursuant to the policies of the TSX-V, the Company is authorized to grant options to acquire up to 10% of its issued and outstanding common shares. The exercise price of each option granted under the plan is greater than or equal to the closing market price of the Company's shares on the date of each grant. The maximum term of each option is five years.

**Shares and warrants issued**

On August 12, 2020, pursuant to a rights offering, the Company issued 48,446,887 units at a price of \$0.05 per unit, for total proceeds of \$2,422,344, with each unit comprised of one common share and one half of one common share purchase warrant with an exercise price of \$0.15 per whole warrant, exercisable until August 12, 2021, subject to early expiry in the event the 20-day weighted average trading price of the Common Shares exceeds \$0.30. Total share issuance cost of \$82,771 was recorded. During the period, the Company extended the maturity of these warrants to August 12, 2022.

On August 13, 2020, the Company issued 1,000,000 units at a price of \$0.075 per unit, for total proceeds of \$75,000, with each unit comprised of one common share and one half of one common share purchase warrant with an exercise price of \$0.15 per whole warrant for a period of 24 months.

**Warrants**

Warrant transactions are summarized as follows:

	<b>Warrants</b>	
	Number	Weighted Average Exercise Price
Outstanding, December 31, 2019	-	-
Issued	24,723,444	\$0.15
Outstanding, December 31, 2020 and September 30, 2021	24,723,444	\$0.15
Number currently exercisable	24,723,444	\$ 0.15

At September 30, 2021, warrants were outstanding as follows:

Grant date	Number of Shares	Exercise Price	Expiry Date
August 12, 2020	24,223,444	\$ 0.15	August 12, 2022
August 13, 2020	500,000	\$ 0.15	August 23, 2022
	24,723,444		

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2021 and 2020****(unaudited - expressed in Canadian dollars)****7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)****Share-based payments**

Stock option transactions are summarized as follows:

	<b>Stock Options</b>	
	Number	Weighted Average Exercise Price
Outstanding, December 31, 2019	4,075,000	\$ 0.174
Granted	-	-
Expired	(600,000)	0.174
Forfeited	-	-
Outstanding, December 31, 2020	3,475,000	\$ 0.113
Granted	-	-
Expired	-	-
Forfeited	-	-
Outstanding, September 30, 2021	3,475,000	\$ 0.113
Number currently exercisable	3,475,000	\$ 0.113

On July 30, 2019, the board of directors of the Company authorized the grant of 2,400,000 stock options to directors, employees and consultants pursuant to the Company's stock option plan. The options are exercisable at \$0.08 per share. 50% of the options vest immediately, with the remaining 50% vesting 12 months from the grant date. The options expire July 30, 2024, subject to earlier expiry in accordance with the stock option plan and applicable policies of the TSX-V.

The Company recognized share-based payments expense of \$61,449 with a weighted fair value of \$0.05 per option. The weight average assumptions used for the Black-Scholes option-pricing model valuation of stock options granted for the year are as follows: risk-free interest rate of 1.44%, expected life of 5 years, annualized volatility of 80% dividend rate of nil and forfeiture rate of nil.

The stock options expiring on August 16, 2021 were extended for a 12 month period, and now expire on August 16, 2022.

At September 30, 2021, stock options were outstanding as follows:

Grant date	Number of Shares	Exercise Price	Expiry Date
August 16, 2016	675,000	\$ 0.20	August 16, 2022
August 29, 2017	400,000	\$ 0.165	August 29, 2022
July 30, 2019	2,400,000	\$0.08	July 30, 2024
	3,475,000		

The weighted average remaining contractual life of the options is 2.23 years.

**EROS RESOURCES CORP.***(an exploration stage enterprise)***Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2021 and 2020****(unaudited - expressed in Canadian dollars)****8. RELATED PARTY BALANCES****Key management compensation**

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the nine months ended September 30, 2021 and 2020 was as follows:

	<b>Nine months ended Sept 30, 2021</b>	<b>Nine months ended Sept 30, 2020</b>
Share-based compensation	\$ -	\$ -
Short-term benefits <sup>1</sup>	\$ 72,695	\$ 50,169

<sup>1</sup> Remuneration consists exclusively of salaries, bonuses, health benefits and consulting fees.

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments paid to key management personnel during the nine months ended September 30, 2021 or September 30, 2020.

An amount of \$200,000 (2019 – \$200,330) was payable to other related parties at December 31, 2020.

Included in accounts receivable is an amount of \$191,025 (2019 - \$81,190) due from MAS (Note 9).

During the period ended September 30, 2021 the Company exercised all of its warrants of MAS and acquired an additional 7,407,143 common shares.

During the year ended December 31, 2020, the Company purchased:

- 7,100,000 units of MAS at a price of \$0.07 per unit. Each unit consists of one common share and one-half of one common share purchase warrants. Each whole share purchase warrant is exercisable into one common share at an exercise price of \$0.10 for a period of 24 months.

During the year ended December 31, 2019, the Company purchased:

- 2,857,143 units of MAS at a price of \$0.07 per unit. Each unit consists of one common share and one share purchase warrants. Each whole share purchase warrant is exercisable into one common share at an exercise price of \$0.10 for a period of 24 months.
- 833,333 units of MAS at a price of \$0.12 per unit. Each unit consists of one common share and one-half share purchase warrants. Each whole share purchase warrant is exercisable into one common share at an exercise price of \$0.15 for a period of 24 months.

MAS and Eros have a common director.

## EROS RESOURCES CORP.

(an exploration stage enterprise)

### Notes to the Condensed Interim Consolidated Financial Statements For the nine months ended September 30, 2021 and 2020 (unaudited - expressed in Canadian dollars)

#### 9. PROMISSORY NOTES RECEIVABLE

On May 1, 2019, the Company signed a promissory note agreement with MAS, whereby MAS can borrow up to a limit of \$400,000 from the Company. During the year ended December 31, 2019, the Company advanced MAS a total of \$165,500. The promissory note is non-interest bearing and is payable on demand.

During the year ended December 31, 2020, the Company increased the limit of the promissory note receivable to \$673,000 verbally. As at December 31, 2020, the Company has a promissory note receivable from MAS in the amount of \$672,700 (2019 - \$165,500). During the period ended September 30, 2021, the full amount of the promissory note receivable from MAS was repaid.

On April 1, 2020, the Company signed four promissory note agreements with various borrowers for a total of \$750,000 in relation to the sale of 5,000,000 shares in Southern Empire (Note 12). The promissory notes mature on April 30, 2020. If the borrowers are not able to repay the note balances on maturity, the shares of Southern Empire sold will be returned. As at December 31, 2020, the Company has a promissory notes receivable of \$295,761. The note was repaid in full during the period ended September 30, 2021.

#### 10. DECOMMISSIONING LIABILITY

The Company has estimated the total discounted amount of future cash flows to settle decommissioning liabilities relating to its oil and gas interests to be \$130,759 (December 31, 2019 – \$130,759). The total amount is expected to be incurred in the next 10 years and was discounted using an interest rate of 3%.

	<b>Flaxcombe</b>
Balance at December 31, 2019	\$ 131,729
Accretion	3,974
Balance at December 31, 2020	\$ 135,703
Accretion	-
<b>Balance at September 30, 2021</b>	<b>\$ 135,703</b>

#### 11. RIGHT-OF-USE ASSET AND LEASE LAIBILITY

The Company has a lease agreement for the headquarter office space in Vancouver, British Columbia. Upon transition to IFRS 16, the Company recognized \$35,336 as a ROU asset and \$35,336 as a lease liability.

The continuity of the ROU asset and lease liability for the period ended September 30, 2021 is as follows:

<b>Right-of-use asset</b>	
Value of right-of-use asset as at December 31, 2020	\$ 12,761
Amortization	-
<b>Value of right-of-use asset as at September 30, 2021</b>	<b>\$ 12,761</b>
<b>Lease liability</b>	
Lease liability recognized as of December 31, 2020	\$ 14,456
Lease payments	-
Lease interest	-
<b>Lease liability recognized as of September 30, 2021</b>	<b>\$ 14,456</b>
Current portion	\$ 13,281
Long-term portion	1,175
	<b>\$ 14,456</b>

**EROS RESOURCES CORP.**

*(an exploration stage enterprise)*

**Notes to the Condensed Interim Consolidated Financial Statements  
For the nine months ended September 30, 2021 and 2020  
(unaudited - expressed in Canadian dollars)**

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**12. SEGMENTED INFORMATION**

The Company operates in two business segments with operations and long-term assets in the United States and Canada. The Company's operations are segmented on a district basis due to the geographic locations of the Company's exploration operations. At September 30, 2021, the long-term assets of \$2,338,842 (2020 - \$1,807,477) relates to mineral resource properties and reclamation bonds located in the United States with the remaining of \$18,693,715 (2020 - \$19,637,155) located in Canada. During the nine months ended September 30, 2021, revenue of \$nil (2020 - \$nil) relates to revenues earned in Canada.

**13. CAPITAL DISCLOSURES**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties, oil and gas exploration and development, and other strategic investments. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as shareholders' equity. The Company is not exposed to any capital requirements.

The Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. In addition, the Company evaluates investment opportunities, as well as existing investments, for suitability and potential on an ongoing basis. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital risk management approach continued with the modest change made in 2019 by continuing to deploy more capital into marketable securities. There were no capital restrictions in the quarter ended September 30, 2020 and the Company had no debt.

**14. SUBSEQUENT EVENTS**

Subsequent to the end of the period, the Company received its water pollution control permit from the Nevada Bureau of Mining Regulation and Reclamation for the Bell Mountain Gold Project.