



(Formerly Aura Resources Inc.)
(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(expressed in United States dollars)

**NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying condensed consolidated interim financial statements of Gold79 Mines Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these condensed consolidated interim financial statements.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Statements of Financial Position

(expressed in U.S. dollars)

	September 30, 2021 \$	December 31, 2020 \$
Assets		
Current assets:		
Cash	506,223	173,750
Amounts receivable (note 4)	8,838	32,455
Prepaid expenses	154,237	87,129
	<hr/> 669,298	<hr/> 293,334
Reclamation deposit (note 5)	12,980	12,980
Mineral exploration properties (note 7)	2,316,000	1,760,321
Deferred exploration expenditures (note 7)	1,035,590	517,264
	<hr/> 3,364,570	<hr/> 2,290,565
Total assets	<hr/> 4,033,868	<hr/> 2,583,899
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	160,620	135,995
	<hr/>	<hr/>
Shareholders' equity		
Capital stock (note 9)	17,153,505	15,851,469
Warrants (note 9)	958,762	404,630
Contributed surplus (note 9)	5,659,225	5,369,350
Accumulated deficit	(19,830,255)	(19,096,511)
Accumulated other comprehensive loss	(67,989)	(81,034)
	<hr/> 3,873,248	<hr/> 2,447,904
Total shareholders' equity	<hr/> 3,873,248	<hr/> 2,447,904
Total liabilities and shareholders' equity	<hr/> 4,033,868	<hr/> 2,583,899
Going concern (note 1)		

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

Approved by the Board of Directors:

(signed) "Gary Thompson"

Director

(signed) "Paul Carrêlo"

Director

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss

(expressed in U.S. dollars)

	Three months ended September 30, 2021 \$	Three months ended September 30, 2020 \$	Nine months ended September 30, 2021 \$	Nine months ended September 30, 2020 \$
Expenses				
Promotion and annual meeting costs	51,956	54,056	145,476	68,122
Regulatory authority and transfer agent fees	15,424	14,552	48,297	22,506
Professional fees	21,975	32,760	45,811	81,824
General and administrative	93,033	63,803	278,410	125,245
Stock based compensation (note 9)	177,600	413,300	215,750	413,300
Net loss for the period	(359,988)	(578,471)	(733,744)	(710,997)
Other comprehensive income (loss):				
Items that may be subsequently reclassified to operations				
Currency translation differences	(18,304)	191	13,045	9,661
Total comprehensive loss for the period	(378,292)	(578,280)	(720,699)	(701,336)
Net loss per common share:				
Basic and diluted	(0.00)	(0.01)	(0.01)	(0.02)
Weighted average number of common shares outstanding:				
Basic and diluted	122,307,852	74,479,458	110,705,585	46,681,735

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

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(expressed in U.S. dollars)

	Capital stock		Warrants		Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity (deficiency)
	#	\$	#	\$	\$	\$	\$	\$
Balance, December 31, 2020	91,424,705	15,851,469	21,182,066	404,630	5,369,350	(19,096,511)	(81,034)	2,447,904
Private placement of units (note 9)	27,625,000	1,156,837	27,625,000	602,457	-	-	-	1,759,294
Broker warrants issued to finders (note 9)	-	(25,800)	671,250	25,800	-	-	-	-
Share issue costs	-	(77,001)	-	-	-	-	-	(77,001)
Shares issued for mineral properties (note 7)	3,484,798	248,000	-	-	-	-	-	248,000
Expiry of warrants (note 9)	-	-	(2,186,800)	(74,125)	74,125	-	-	-
Stock based compensation (note 9)	-	-	-	-	215,750	-	-	215,750
Net loss for the period	-	-	-	-	-	(733,744)	-	(733,744)
Currency translation differences	-	-	-	-	-	-	13,045	13,045
Balance, September 30, 2021	122,534,503	17,153,505	47,291,516	958,762	5,659,225	(19,830,255)	(67,989)	3,873,248
Balance, December 31, 2019	32,860,128	13,125,088	9,823,943	289,765	4,797,745	(18,262,965)	(104,184)	(154,551)
Private placement of units (note 9)	25,633,333	909,904	12,816,665	234,837	-	-	-	1,144,741
Broker warrants issued to finders (note 9)	-	(5,900)	322,000	5,900	-	-	-	-
Share issue costs	-	(29,786)	-	-	-	-	-	(29,786)
Shares issued for mineral properties (note 7)	1,673,177	85,449	-	-	-	-	-	85,449
Shares issued for payables (note 9)	1,791,667	99,886	-	-	-	-	-	99,886
Territory Metals acquisition (note 6)	26,581,400	813,466	320,000	1,045	-	-	-	814,511
Expiry of warrants (note 9)	-	-	(3,557,143)	(158,305)	158,305	-	-	-
Stock based compensation (note 9)	-	-	-	-	413,300	-	-	413,300
Net loss for the period	-	-	-	-	-	(710,997)	-	(710,997)
Currency translation differences	-	-	-	-	-	-	9,661	9,661
Balance, September 30, 2020	88,539,705	14,998,107	19,725,465	373,242	5,369,350	(18,973,962)	(94,523)	1,672,214

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

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	Three months ended September 30, 2021 \$	Three months ended September 30, 2020 \$	Nine months ended September 30, 2021 \$	Nine months ended September 30, 2020 \$
Cash provided by (used in)				
Operating activities				
Net loss for the period	(359,988)	(578,471)	(733,744)	(710,997)
Items not affecting cash:				
Stock based compensation (note 9)	177,600	413,300	215,750	413,300
Change in non-cash working capital items:				
Amounts receivable	31,796	(27,926)	23,617	(33,396)
Prepaid expenses	40,306	(73,611)	(67,108)	(73,761)
Accounts payable and accrued liabilities	(34,235)	(301,049)	(73,353)	(204,337)
	(144,521)	(567,757)	(634,838)	(609,191)
Investing activities				
Cash acquired with acquisition of Territory Metals (note 6)	-	161,978	-	161,978
Exploration advances	-	(64,587)	-	(64,587)
Mineral exploration property costs (note 7)	(145,660)	(174,346)	(277,679)	(174,346)
Deferred exploration expenditures (note 7)	(202,852)	(93,798)	(450,348)	(96,798)
	(348,512)	(170,753)	(728,027)	(173,753)
Financing activities				
Issuance of common shares and warrants (note 9)	-	1,144,741	1,759,294	1,144,741
Share issue costs	-	(29,786)	(77,001)	(29,786)
	-	1,114,955	1,682,293	1,114,955
Effect of exchange rate changes on cash	(18,304)	191	13,045	9,661
Net change in cash	(511,337)	376,636	332,473	341,672
Cash - Beginning of period	1,017,560	12,204	173,750	47,168
Cash - End of period	506,223	388,840	506,223	388,840

Supplemental cash flow information (note 14)

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

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2021 and 2020

(expressed in U. S. dollars)

1. Nature of operations and going concern

General information

Gold79 Mines Ltd. (formerly Aura Resources Inc. and referred to herein collectively with its subsidiaries as the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of mineral properties in North America. The Company has not determined whether the properties contain mineral resources that are economically recoverable. The recoverability of amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

Gold79 Mines Ltd. is publicly listed on the TSX Venture Exchange in Canada under the ticker symbol "AUU" and on the OTCQB Venture Market in the United States under the ticker symbol "AUSVF". The Company's registered office is located at Manotick (Ottawa), Ontario, K4M 1A3, Canada, where it is domiciled.

Going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and whether the use of accounting principles relating to a going concern is appropriate. From inception to date, the Company has incurred losses from operations and experienced negative cash flows from operating activities. As at September 30, 2021, the Company had cash totalling \$506,223 and had working capital of \$508,678. Existing funds on hand at September 30, 2021 will not be sufficient to support the Company's needs for cash to conduct planned exploration on its projects, to maintain its property interests in good standing and to continue operations during the coming year. Subsequent to quarter end, on November 15, 2021 the Company announced a private placement financing to raise gross proceeds of up to CDN\$2,000,000 (see note 16). The Company will require additional funding to be able to advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or disposition of properties in the future.

Management has been successful in obtaining sufficient funding for operating, capital and exploration requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

2. Basis of preparation and presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the years ended December 31, 2020 and 2019, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved for issue by the Company's Board of Directors on November 29, 2021.

Basis of presentation and consolidation

Pursuant to a resolution passed by the directors of the Company on July 28, 2020, the Company changed its name to Gold79 Mines Ltd. which became effective August 5, 2020. On July 27, 2020, the Company continued from the laws of Canada under the *Canada Business Corporations Act* to the Province of British Columbia under the *Business Corporations Act (British Columbia)*. The continuance was approved by shareholders of the Company at the annual and special shareholder meeting held on June 30, 2020. On July 24, 2020, the Company closed the amalgamation agreement for the acquisition of Territory Metals Corp. ("Territory") with the Company's wholly-owned subsidiary, 1251498 B.C. Ltd. and Territory amalgamating to become a wholly-owned subsidiary of the Company named Territory Metals Ltd. (see note 6).

The Company was originally incorporated under the *Business Corporations Act (Ontario)* by Articles of Amalgamation dated July 12, 1988. On June 9, 2006 shareholders approved the continuation of the Company under the *Canada Business Corporations Act*. On December 16, 2005, the Company acquired all of the issued and outstanding shares of Au Martinique Inc. ("Au Martinique") which had been operating since October 27, 2003. The share exchange was accounted for as a reverse take-over with Au Martinique deemed to be the acquiror for accounting purposes.

On May 4, 2010, Aura Resources Mexico S.A. de C.V. was incorporated as a wholly-owned Mexican subsidiary. On August 6, 2020, Gold79 Holding One Corp., was incorporated as a wholly-owned British Columbia, Canada subsidiary in order to hold the shares of its wholly-owned subsidiary Gold79 USA Corp., incorporated in Nevada, USA on August 7, 2020. Gold79 USA Corp. was established to hold mineral claims and conduct exploration programs associated with the Company's US based exploration projects.

These consolidated financial statements include the assets, liabilities and expenses of Gold79 Mines Ltd. and its wholly-owned subsidiaries Gold79 Holding One Corp., Gold79 USA Corp., Territory Metals Ltd., Au Martinique (which is inactive) and Aura Resources Mexico S.A. de C.V. All inter-company balances and transactions have been eliminated upon consolidation.

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(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2021 and 2020

(expressed in U. S. dollars)

Critical accounting estimates, judgments and estimation uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mineral exploration properties and deferred exploration expenditures; the valuation of all equity instruments including flow-through share premiums, warrants, compensation options and stock options; and, the ability of the Company to continue as a going concern.

Impairment of mineral properties and exploration expenditures

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during subsequent periods.

Valuation of equity instruments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model. The Company has made estimates as to the volatility of its own common shares, the probable life of share options, warrants and compensation options granted and the time of exercise of those instruments.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the Black-Scholes valuation model to determine the fair value of warrants issued.

Going concern considerations

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions. Further information regarding going concern is outlined in note 1.

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the years ended December 31, 2020 and 2019.

4. Amounts receivable

Amounts receivable of \$8,838 (December 31, 2020 - \$32,455) are comprised of harmonized sales tax (HST) receivable.

5. Reclamation deposit

The Company's reclamation deposit comprises a bond in the amount of \$12,980 held by the Arizona Bureau of Land Management Arizona State Office with respect to the Gold Chain project. This restricted cash deposit will be returned to the Company upon successful completion of reclamation at the Gold Chain project or after the bond is replaced by another bond related to a change in activity at the project site.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2021 and 2020

(expressed in U. S. dollars)

6. Acquisition of Territory Metals Corp.

On July 24, 2020, the Company closed an amalgamation agreement for the acquisition of Territory, an unlisted private company located in British Columbia. Territory's key asset is the Tip Top Gold project comprised of 22 unpatented mining claims (at the time of acquisition) covering approximately 173 hectares located in Esmeralda County, Nevada USA. The Tip Top Gold project is subject to an agreement of purchase and sale whereby Territory has a right to acquire a 100% interest in the project (see note 7).

In accordance with the terms of the amalgamation agreement, the Company's newly formed wholly-owned subsidiary 1251498 B.C. Ltd. and Territory amalgamated to become a wholly-owned subsidiary of the Company, named Territory Metals Ltd. Under the terms of the amalgamation agreement the Company acquired all the outstanding common shares of Territory, with each Territory share exchanged for two common shares of the Company, resulting in the issuance of 26,581,400 common shares. In addition, Territory's 160,000 warrants outstanding at closing of the transaction were exchanged for 320,000 warrants of the Company exercisable at CDN\$0.125 per share and expiring on February 1, 2021.

The Company determined that Territory did not meet the definition of a business under IFRS 3, Business Combinations, and as such has been accounted for as an asset acquisition. A summary of the consideration provided and the fair value of net identifiable assets acquired in the acquisition are as follows:

	#	\$
Consideration provided:		
Common shares issued to Territory shareholders	26,581,400	1,488,050
Warrants issued	320,000	4,200
Total		<u>1,492,250</u>
Fair value of identifiable net assets acquired:		
Cash acquired		161,978
Other current assets		20,191
Mineral exploration property interest - Tip Top Gold, Nevada		1,340,292
Current liabilities		<u>(30,211)</u>
Total		<u>1,492,250</u>

7. Mineral exploration properties and deferred exploration expenditures

	Gold Chain (Arizona, USA)	Jefferson Canyon (Nevada, USA)	Tip Top Gold (Nevada, USA)	Total
<u>Mineral exploration properties:</u>				
Balance, December 31, 2019	\$ 108,209	\$ 47,097	\$ -	\$ 155,306
Acquisition of interest in Tip Top Gold (note 6)	-	-	1,340,292	1,340,292
Cash option payment	40,000	21,624	-	61,624
Shares issued for property interests	60,000	25,449	-	85,449
Claim staking, renewal and maintenance	21,459	11,599	84,592	117,650
Balance, December 31, 2020	229,668	105,769	1,424,884	1,760,321
Cash option payments	70,000	20,000	-	90,000
Shares issued for property interests	48,000	25,000	175,000	248,000
Claim staking, renewal and maintenance	182,230	11,599	23,850	217,679
Balance, September 30, 2021	<u>\$ 529,898</u>	<u>\$ 162,368</u>	<u>\$ 1,623,734</u>	<u>\$ 2,316,000</u>
<u>Deferred exploration expenditures:</u>				
Balance, December 31, 2019	\$ 7,305	\$ 18,614	\$ -	\$ 25,919
Geology	19,778	10,960	41,992	72,730
Geochemical survey	-	226,021	183,586	409,607
Drilling and related permitting	7,896	556	556	9,008
Balance, December 31, 2020	34,979	256,151	226,134	517,264
Geology	142,761	4,130	3,236	150,127
Geochemical survey	-	9,219	13,877	23,096
Geophysical survey	4,500	15,368	-	19,868
Drilling and related permitting	243,249	81,986	-	325,235
Balance, September 30, 2021	<u>\$ 425,489</u>	<u>\$ 366,854</u>	<u>\$ 243,247</u>	<u>\$ 1,035,590</u>

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2021 and 2020

(expressed in U. S. dollars)

Gold Chain - Arizona, USA

On July 30, 2018, the Company entered into a letter agreement for an option to acquire a 100% interest in the Gold Chain project located in Mohave County, Arizona. The initial project comprised 93 Bureau of Land Management lode mining claims in western Arizona, where work conducted by prior operators has indicated the property is prospective for gold. On February 4, 2019, the Company completed a definitive agreement with the vendors of the Gold Chain project incorporating all of the terms of the letter agreement and other standard industry terms. On May 29, 2020, the Company and the vendors entered into an amended option agreement which adjusted future cash and share payments and extended the timing of future payments. Consideration payable to earn a 100% interest in the project is payable in annual instalments over a seven-year period from inception and consists of a total of \$560,000 in cash; 300,000 common shares; and, a value of \$300,000 payable in common shares as detailed below.

Date of payment	Cash	Common	Value of
	\$	Shares	Common Shares
			\$
Execution of the letter agreement (paid)	30,000	-	-
Upon final TSX-V approval (shares issued March 2019)	-	150,000	-
On or before July 30, 2019 (paid July 2019)	20,000	150,000	-
On or before July 30, 2020 (paid July 2020)	40,000	-	60,000
On or before July 30, 2021 (paid July 2021)	30,000	-	48,000
On or before July 30, 2022	30,000	-	48,000
On or before July 30, 2023	60,000	-	48,000
On or before July 30, 2024	100,000	-	48,000
On or before July 30, 2025	250,000	-	48,000
Totals	560,000	300,000	300,000

During March 2019, the Company issued 150,000 common shares to the vendors valued at \$5,517. During July 2019, the Company issued 150,000 common shares to the vendors valued at \$6,833. During July 2020, the Company paid \$40,000 cash and issued 1,060,422 common shares to the vendors valued at \$60,000. During July 2021, the Company paid \$30,000 cash and issued 744,711 common shares to the vendors valued at \$48,000.

The vendors of the property hold a 2% net smelter return royalty (NSR) on gold and silver. The Company has the right to buy down the NSR in increments of 1% by paying the vendors the sum of \$1 million for each 1% of the NSR at any time prior to completion of the first year of commercial production. Additionally, the vendors will be entitled to a bonus cash payment equivalent to \$1.00 per ounce of gold estimated in any resource category determined in a Preliminary Economic Assessment compliant with National Instrument 43-101. Any cash bonus payment that becomes payable will be creditable toward amounts due under the NSR agreement.

Following initial evaluation of the historical technical data base for the Gold Chain project and a field visit during the fall of 2018, an additional 14 claims were staked to cover newly interpreted structural projections, bringing the total project claims to 107. These additional claims fall into an area of interest defined in the letter agreement. During January 2021, the Company staked 83 new claims and during May 2021 staked 171 additional claims expanding the total land position to include a total of 361 unpatented claims.

On May 13, 2021, the Company entered into a definitive lease and option to purchase agreement related to a block of patented claims, known as the Banner Group, covering 93 acres internal to the Company's pre-existing Gold Chain claim block. The definitive agreement provides up to a twenty year option period to purchase a 100% interest in the patented claims. A cash option payment of \$10,000 was paid upon signing of the definitive agreement and annual cash payments are payable until the option to purchase the claims is exercised. These payments are \$10,000 for the first five years; \$15,000 for years six to 10; and \$20,000 for years 11 to 20. The Company has the option, prior to commercial production, to purchase a 100% interest in the Banner Group claims for \$1.5 million subject to a 1% NSR.

On September 23, 2021, the Company entered into a definitive lease and option to purchase agreement related to a block of patented claims, known as the Tyro Group, covering 57.4 acres internal to the Company's pre-existing Gold Chain claim block. The definitive agreement provides up to a twenty year option period to purchase a 100% interest in the patented claims. A cash payment of \$30,000 was paid upon signing of the definitive agreement and annual cash payments are payable until the option to purchase the claims is exercised. These payments are \$10,000 for the first five years (initial \$10,000 paid); and, \$15,000 for years six to 20. The Company has the option, prior to commercial production, to purchase a 100% interest in the Tyro Group claims for \$500,000. The Tyro Group claims are subject to a 1% NSR with the Company having a right of first refusal with respect to any sale of the NSR.

Jefferson Canyon - Nevada, USA

On May 31, 2019, the Company entered into a definitive option agreement with Thorsen-Fordyce Merchant Capital Inc. ("Thorsen") and TF Minerals (USA) Inc. (together, the "TF parties") relating to the Jefferson Canyon gold-silver project located in Nye County, Nevada. The agreement covers 57 unpatented claims located approximately nine kilometres northeast of Kinross's Round Mountain gold mine. On May 29, 2020, the Company and the TF parties entered into an amended option agreement which extended the timeframe for certain cash payments and exploration expenditures.

Under the terms of the amended option agreement the Company can earn a 100% interest in 28 claims forming part of the Jefferson Canyon property held directly by the TF parties by making: (i) an initial common share payment to the TF parties valued at \$25,000 upon receipt of TSX Venture Exchange approval (670,000 common shares and cash of \$275 paid during June 2019); (ii) seven additional annual payments valued at \$25,000 each on May 31, 2020, through 2026, which may be paid in common shares and/or cash at the option of the Company; and, (iii) a cash payment by May 31, 2027, of \$200,000. During July 2020, the Company issued 612,755 common shares and cash of \$6,624 related to the 2020 anniversary payment. During June 2021, the Company issued 351,337 common shares related to the 2021 anniversary payment.

Additionally, under the terms of the definitive option agreement, the Company has assumed responsibility for an underlying option agreement, initiated in September, 2015, between Thorsen and an individual claim holder whereby Thorsen has the right to earn a 100% interest in 29 claims comprising the balance of the Jefferson Canyon project. The underlying agreement requires annual advance royalty payments by the September 14 anniversary through to 2030 or until exercise of the option to purchase. Annual advance royalty payments total \$425,000 (\$5,000 was paid by Thorsen with a balance of \$420,000 due at initiation of the option agreement). The annual advance royalty payment schedule comprises \$10,000 due September, 2019 (paid), \$15,000 in 2020 (paid), \$20,000 in 2021 (paid), after which the annual payment increases by \$5,000 per year until 2026 and is followed by four annual payments of \$50,000 for 2027 to 2030. The option to acquire a 100% interest in the 29 claims is exercisable at any time during its term, up until March 14, 2032, by paying a purchase price of \$500,000. Any advance royalty payments paid and the purchase price are creditable against future net smelter return royalties payable.

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(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2021 and 2020

(expressed in U. S. dollars)

The Company is responsible for annual claim maintenance fees and has committed to minimum exploration work expenditures of \$100,000 by the third anniversary of the agreement on May 31, 2022 (incurred during 2020). Additionally, the 28 claims held by the TF parties are subject to a 3% net smelter return royalty and the 29 underlying claims are also subject to a 3% NSR. Each of these NSR obligations are subject to separate buyback provisions whereby up to 2% of each NSR can be purchased by the Company for \$1 million for each 1%.

Tip Top Gold - Nevada, USA

On July 24, 2020, the Company closed an amalgamation agreement for the acquisition of Territory. Territory's key asset is the Tip Top Gold project comprised of 22 unpatented mining claims (at the time of acquisition) covering approximately 173 hectares located in Esmeralda County, Nevada USA. The Tip Top Gold project is subject to an agreement of purchase and sale whereby the Company has a right to acquire a 100% interest in the project. To complete the acquisition of a 100% interest, the Company is required to issue the vendor shares equal to a value of \$175,000 on or before May 12, 2021 (2,388,750 common shares issued on May 11, 2021), and pay an amount of \$25,000 in cash on each of the first, second and third anniversaries of May 12, 2021. The vendor will retain a 1% net smelter return royalty on the property and the Company is obligated to pay the vendor a cash payment of \$200,000 within 30 days of completion of a bankable feasibility study on the Tip Top Gold project. The Company may purchase the NSR royalty by paying the vendor \$1 million.

During September 2020, the Company staked 121 additional claims at the Tip Top Gold project. This new staking increased the land position from 22 claims to a total of 143 claims covering approximately 1,062 hectares in total area.

Greyhound - Nunavut, Canada

During June 2006, the Company initiated its Greyhound project in the central Churchill region of Nunavut, Canada, staking 10 claims for a total of 10,451 hectares. From 2008 to 2011, the Company increased its land holdings in the Whitehills area to a total of 57 claims comprising over 55,000 hectares. Since that time, a total of 42 claims have lapsed. Currently, the Company holds 15 claims covering approximately 15,123 hectares. Of these claims, 13 are subject to a joint operating agreement with Agnico Eagle Mines Limited ("Agnico Eagle") (see below). These 13 claims have been converted to mining leases under Nunavut Mining Regulations.

During June 2014, the Company entered into a definitive option agreement with Agnico Eagle which allowed Agnico Eagle to earn an interest in 13 claims comprising the majority of the Greyhound project. Under the terms of the option agreement, over the first three years of the agreement, Agnico Eagle had the exclusive right to earn an undivided 51% ownership interest by meeting annual commitments that totalled CDN\$210,000 in cash payments to the Company and incurring CDN\$1,750,000 in exploration work expenditures on the project.

Agnico Eagle completed all requirements to earn a 51% interest effective June 1, 2017. From June 1, 2017 forward, the 13 claims became subject of a joint operating agreement between the Company and Agnico Eagle. Work programs are to be established by a management committee comprised of one representative from each of the Company and Agnico Eagle. If either party to the joint operating agreement fails to fund its pro-rata share of approved exploration programs its interest in the project will be diluted on a pro-rata basis.

If any party's interest in the project falls below 10% then that party will forfeit their 10% interest and in return will receive a 2% NSR. The other party may at any time purchase one-half of the NSR, namely a 1% NSR, for an amount of CDN\$2,000,000. Agnico Eagle is the operator of the project.

Prior to the option agreement with Agnico Eagle, as at March 31, 2014, the Company had recorded a full impairment charge with respect to the mineral exploration property costs and deferred exploration expenditures associated with the Greyhound project.

As at September 30, 2021, the Company's ownership interest in the Greyhound project was 36.6%.

Taviche - Oaxaca, Mexico

The Company holds a 20% free-carried interest in the Taviche project located in Oaxaca State, Mexico. The Taviche project is comprised of the Higo Blanco concession covering 986 hectares and is subject to a 1.5% NSR held by Maverix Metals Inc.

During January 2019, the Company entered into a definitive agreement with Minaurum Gold Inc. ("Minaurum") and its Mexican subsidiary whereby Minaurum would acquire an initial 80% interest in the Taviche project for the following consideration: (i) the issuance of 100,000 common shares of Minaurum (received April 2019); (ii) the reimbursement of all Taviche project concession fees paid by the Company during 2018 and payment of the remaining concession fees to bring the property into good standing until January 31, 2019, to a maximum of \$80,000 (cash of \$39,452 received April 2019); and, (iii) the issuance of an additional 100,000 common shares of Minaurum upon receiving all relevant approvals and consents required to be obtained for the commencement of exploration and drilling activities at the Taviche project. Minaurum will act as operator of the Taviche project having exclusive authority and control over the direction and management of the business and operations of the project.

Additionally, the Company has granted Minaurum an exclusive option to acquire the remaining 20% of the Taviche project for a purchase price of CDN\$1,000,000. Until exercise of this option, the Company's 20% interest shall be free-carried with no obligation to co-finance project costs and will not be subject to dilution.

During January 2021, Minaurum announced that it had entered into an option agreement for the Taviche project with Fortuna Silver Mines Inc. Fortuna's Mexican subsidiary will now act as operator of the project.

8. Accounts payable and accrued liabilities

	September 30, 2021	December 31, 2020
	\$	\$
Trade accounts payable	137,182	111,801
Accrued liabilities	23,438	24,194
	<u>160,620</u>	<u>135,995</u>

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2021 and 2020

(expressed in U. S. dollars)

9. Capital stock

Authorized

The Company is authorized to issue an unlimited number of common shares, having no par value, and an unlimited number of preference shares, having no par value, in one or more series with the rights, privileges and conditions as determined by the Board of Directors at the time of issuance.

Issued

On April 9, 2021, the Company closed a private placement financing issuing 27,625,000 units at CDN\$0.08 per unit for gross proceeds of \$1,759,294 (CDN\$2,210,000). Each unit consisted of one common share of the Company and one common share purchase warrant. A total of 27,625,000 warrants were issued entitling the holders to purchase one common share of the Company at a price of CDN\$0.12 per share until April 9, 2023. In connection with the private placement, the Company paid eligible finders cash commissions of \$42,811 (CDN\$53,700) and an aggregate of 671,250 broker warrants. Each broker warrant entitles the finder to acquire one common share at an exercise price of CDN\$0.08 and is exercisable until April 9, 2023.

On May 11, 2021 the Company issued 2,388,750 common shares in connection with the \$175,000 payment due under the terms of the Tip Top property purchase and sale agreement (see note 7). On June 9, 2021, the Company issued 351,337 common shares valued at \$25,000 for the third anniversary payment with respect to the Jefferson Canyon project (see note 7). On July 29, 2021, the Company issued 744,711 common shares valued at \$48,000 for the third anniversary payment with respect to the Gold Chain project (see note 7).

On July 24, 2020, the Company closed a private placement financing issuing 25,633,333 units at CDN\$0.06 per unit for gross proceeds of \$1,144,741 (CDN\$1,538,000). Each unit consisted of one common share of the Company and one-half common share purchase warrant. A total of 12,816,666 warrants were issued entitling the holders to purchase one common share of the Company at a price of CDN\$0.10 per share until July 24, 2022. In connection with the private placement, the Company paid eligible finders cash commissions of \$14,476 (CDN\$19,420) and an aggregate of 322,000 broker warrants. Each broker warrant entitles the finder to acquire one common share at an exercise price of CDN\$0.10 and is exercisable until July 24, 2022.

During July 2020, the Company issued a total of 1,673,177 common shares related to its mineral property option agreements (see note 7). These common shares were valued at \$85,449. During July 2020, the Company issued a total of 1,791,667 common shares to settle outstanding payables valued at \$99,886 with Company officers. During July 2020, the Company issued 26,581,400 common shares in connection with the acquisition of Territory Metals Corp. (see note 6).

On November 26, 2020, the Company closed a private placement financing issuing 2,885,000 units at CDN\$0.10 per unit for gross proceeds of \$219,586 (CDN\$288,500). Each unit consisted of one common share of the Company and one-half common share purchase warrant. A total of 1,442,500 warrants were issued entitling the holders to purchase one common share of the Company at a price of CDN\$0.15 per share until November 25, 2022. In connection with the private placement, the Company paid eligible finders cash commissions of \$1,084 (CDN\$1,410) and an aggregate of 14,100 broker warrants. Each broker warrant entitles the finder to acquire one common share at an exercise price of CDN\$0.15 and is exercisable until November 25, 2022.

Warrants

During April 2021, the Company issued 27,625,000 warrants in connection with a private placement. These warrants are exercisable at CDN\$0.12 per share and expire on April 9, 2023. These warrants were recorded at a value of \$602,457. In addition, 671,250 broker warrants exercisable at \$0.08 per share expiring April 9, 2023 were issued to finders. These broker warrants were valued at \$25,800.

During July 2020, the Company issued 12,816,666 warrants in connection with a private placement. These warrants are exercisable at CDN\$0.10 per share and expire on July 24, 2022. These warrants were recorded at a value of \$234,837. In addition, 322,000 broker warrants with the same terms were issued to finders. These broker warrants were valued at \$5,900. Additionally, in connection with the Territory acquisition, the Company issued 320,000 warrants exercisable at CDN\$0.125 which expired February 1, 2021. These warrants were valued at \$4,200.

During November 2020, the Company issued 1,442,500 warrants in connection with a private placement. These warrants are exercisable at CDN\$0.15 per share and expire on November 25, 2022. These warrants were recorded at a value of \$27,960. In addition, 14,100 broker warrants with the same terms were issued to finders. These broker warrants were valued at \$273.

Values with respect to warrants issued during 2021 were determined using the Black-Scholes option pricing model with the following assumptions: expected volatility of 120%; expected warrant life of 2 years; risk-free interest rate of 0.30%; and, an expected dividend yield of nil. Values with respect to warrants issued during 2020 utilized the following assumptions: expected volatility of 125% to 130%; expected warrant life of 0.58 to 2 years; risk-free interest rate of 0.23% to 0.26%; and, an expected dividend yield of nil.

During February and June of 2020, a total of 2,186,800 warrants exercisable at CDN\$0.125 and CDN\$0.25 expired. During January and July of 2020, a total of 3,557,143 warrants exercisable at CDN\$0.25 expired.

As at September 30, 2021, details with respect to outstanding warrants are as follows:

<u>Number</u>	<u>Exercise price</u>	<u>Expiry</u>
4,400,000	CDN \$0.07	May 29, 2022
671,250	CDN \$0.08	April 9, 2023
13,138,666	CDN \$0.10	July 24, 2022
27,625,000	CDN \$0.12	April 9, 2023
<u>1,456,600</u>	<u>CDN \$0.15</u>	<u>November 25, 2022</u>
<u>47,291,516</u>		

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2021 and 2020

(expressed in U. S. dollars)

Compensation options and compensation option warrants

The Company has provided compensation options to agents who refer investors to the Company. Compensation options are exercisable into equity instruments having the same attributes as those purchased by the referred investor. As at September 30, 2021 a total of 96,000 compensation options are outstanding and are exercisable at CDN\$0.05 per share for units comprised of one common share and one common share purchase warrant. Warrants potentially issuable upon the exercise of compensation options are exercisable at CDN\$0.07 per share and would expire May 29, 2022.

During June 2021, a total of 64,000 compensation options exercisable for units at CDN\$0.25 expired. During January 2020, a total of 63,262 compensation options expired.

Stock options

On July 8, 2005, the Company's shareholders approved the creation of the Company's stock option plan (the "Fixed Plan"). Eligible participants in the Plan include directors, officers, employees and consultants to the Company. The exercise price of the options granted under the Plan is fixed by the Board of Directors but may not be less than the Discounted Market Price, as that term is defined by the TSX Venture Exchange, of the shares at the time the option is granted. Options granted under the Fixed Plan typically have a five year life subject to earlier expiry upon the termination of the optionee's employment or the optionee ceasing to be a director or officer of the Company. The vesting period of options is determined by the Board of Directors at the time of grant. On June 27, 2019, disinterested shareholders of the Company approved an amendment to the Fixed Plan to increase the maximum number of common shares reserved for issuance under the Plan from 1,940,000 to 3,700,000.

On June 30, 2020, Company shareholders approved the new Stock Option Plan 2020 (the "10% Rolling Plan"). The features of the 10% Rolling Plan are similar to the Fixed Plan except that the maximum number of stock options issuable under the 10% Rolling Plan are equal to 10% of the Company's outstanding common shares from time to time. In combination, stock options issuable under the Fixed Plan and the 10% Rolling Plan cannot exceed 10% of the Company's outstanding common shares.

Activity with respect to stock options is summarized as follows:

	Number	Weighted- average exercise price CDN \$	Expiry
Balance, December 31, 2019	1,660,000	0.13	April 2022 to June 2024
Granted	<u>6,550,000</u>	0.08	August 2030 to September 2030
Balance, December 31, 2020	8,210,000	0.09	April 2022 to September 2030
Granted	<u>3,600,000</u>	0.09	July 2026 to February 2031
Balance, September 30, 2021	<u>11,810,000</u>	0.09	April 2022 to February 2031

As at September 30, 2021 outstanding stock options are as follows:

Options outstanding		Options exercisable			
Exercise price CDN \$	Number of options	Weighted- average remaining contractual life (years)	Number of options	Weighted- average remaining contractual life (years)	Expiry
0.05	1,200,000	2.7	1,200,000	2.7	June 4, 2024
0.08	6,050,000	8.9	6,050,000	8.9	August 29, 2030
0.085	3,100,000	4.8	3,100,000	4.8	July 1, 2026
0.10	500,000	9.4	500,000	9.4	February 12, 2031
0.11	500,000	9.0	500,000	9.0	September 24, 2030
0.35	<u>460,000</u>	0.6	<u>460,000</u>	0.6	April 23, 2022
	<u>11,810,000</u>	6.9	<u>11,810,000</u>	6.9	

On July 2, 2021, the Company granted 3,100,000 stock options to officers, directors and consultants of the Company which vested immediately. During August 2020, the Company granted 6,050,000 stock options to officers, directors and consultants to the Company which vested immediately. During September 2020, the Company granted 500,000 stock options to a new director of the Company which vested immediately. During February 2021, the Company granted 500,000 stock options to a new director of the Company which vested immediately. As at December 31, 2020, a total of 8,210,000 stock options were exercisable.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2021 and 2020

(expressed in U. S. dollars)

During the nine month period ended September 30, 2021, the Company recorded a total of \$215,750 (nine months ended September 30, 2020 - \$413,300) related to stock based compensation with respect to stock options. As at September 30, 2021, no balance remains to be expensed relating to past stock option grants. Stock based compensation amounts are included in shareholders' equity as contributed surplus. The value determined using the Black-Scholes option pricing model, with respect to stock options granted during 2021 and 2020, utilized the following assumptions:

	<u>2021</u>	<u>2020</u>
Expected volatility	130%	126%
Expected option life (in years)	5 to 10	10
Risk-free interest rate	0.71% to 1.09%	0.22%
Expected dividend yield	0%	0%
Weighted-average exercise price	CDN\$0.087	CDN\$0.082
Weighted-average market price at grant date	CDN\$0.087	CDN\$0.087
Weighted-average fair value	CDN\$0.075	CDN\$0.083

The Company determines expected volatility in relation to both historical Company volatility and by analysis of comparable companies in the mineral exploration sector.

10. Related party transactions and compensation of key management and directors

Key management includes all persons named or performing the duties of Chief Executive Officer, President, Chief Financial Officer, Vice-President and the directors of the Company. Compensation awarded to key management and directors included:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	\$	\$	\$	\$
Management service contract fees	106,890	71,116	345,222	124,411
Stock based compensation	163,277	361,387	201,427	361,387
	<u>270,167</u>	<u>432,503</u>	<u>546,649</u>	<u>485,798</u>

As at September 30, 2021, a total of \$45,693 (December 31, 2020 - \$29,592) is included in accounts payable and accrued liabilities with respect to amounts for compensation and expenses due to Company officers and directors. A company controlled by the Company's Chief Financial Officer also provides bookkeeping and administrative services to the Company. For the nine month period ended September 30, 2021 a total of \$3,272 (nine months ended September 30, 2020 - \$2,150) was charged for bookkeeping and administrative services.

11. Financial instruments and risk management

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest rate or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, currency risk and interest rate risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Company's annual financial statements as at December 31, 2020. There have been no changes in the Company's risk management policies or procedures since the year end.

12. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Canada. The Company's exploration activities are focused on projects in the United States, Canada and Mexico; therefore, any mineral exploration property and deferred exploration expenditure assets would be located in those countries.

13. Capital structure

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs.

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these consolidated financial statements.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2021 and 2020

(expressed in U. S. dollars)

14. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Three months ended September 30, 2021 \$	Three months ended September 30, 2020 \$	Nine months ended September 30, 2021 \$	Nine months ended September 30, 2020 \$
Mineral exploration property costs included in accounts payable and accrued liabilities	30,000	165	30,000	165
Deferred exploration expenditures included in accounts payable and accrued liabilities	67,978	64,317	67,978	64,317
Common shares issued for mineral property interests	248,000	85,449	248,000	85,449
Common share issued to settle accounts payable	-	99,886	-	99,886

15. Global COVID-19 pandemic

The outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The ultimate duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. COVID-19 may hinder both the Company's ability to conduct exploration activities in the jurisdictions that it operates in and its ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition. It is management's assumption that the Company will continue to operate as a going concern.

16. Subsequent events***Private placement financing***

On November 15, 2021, the Company announced the initiation of a non-brokered private placement financing to raise gross proceeds of up to CDN\$2,000,000, comprising 33,333,333 units at CDN\$0.06 per unit. Each unit will consist of one common share of the Company and one-half common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at a price of CDN\$0.10 for a period of 36 months from the closing date of the placement. The Company may pay commissions to qualified finders in Canada in connection with the offering in accordance with TSX Venture Exchange policies. This private placement financing remains subject to final TSX Venture Exchange approval.