

CRYSTAL PEAK MINERALS INC.

UNAUDITED*

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2021 and 2020

*Notice of Disclosure of Non-Auditor Review of Interim Financial Statements

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

The accompanying unaudited interim consolidated financial statements of Crystal Peak Minerals Inc. ('the Company') for the interim periods ended September 30, 2021 and 2020 have been prepared in accordance with IAS 34, Interim Financial Reporting and are the responsibility of the Company's management.

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

Table of Contents

	<u>Page</u>
Management's Responsibility for Financial Statements	F-1
Financial Statements	F-2
Notes to the Financial Statements	F-6

November 18, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements (the “Financial Statements”) of Crystal Peak Minerals Inc. (the “Company”) are the responsibility of the Company’s Board of Directors and management. These Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Management acknowledges responsibility for the preparation and presentation of the Financial Statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are consistent with IFRS appropriate in the circumstances.

Management has established processes that are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that: (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the Financial Statements; and (ii) the Financial Statements fairly present in all material respects the Company’s financial condition, results of operations, and cash flows, as of the date of, and for the periods presented by, the Financial Statements.

The Board of Directors is responsible for reviewing and approving the Financial Statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the Financial Statements, and the auditors’ report. The Audit Committee also reviews the Company’s Management Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the Financial Statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the Financial Statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Dean Pekeski
Dean Pekeski, CEO

/s/ Blake Measom
Blake Measom, CFO

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2021 and December 31, 2020
(Unaudited and Expressed in US Dollars)

Nature of Operations and Going Concern (Note 1)

As at	September 30, 2021	December 31, 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 189,713	\$ 343,189
Receivables	1,351	19,545
	\$ 191,064	\$ 362,734
LIABILITIES		
Current		
Trade and other payables	\$ 5,461	\$ 27,475
	5,461	27,475
SHAREHOLDERS' EQUITY		
Voting common shares (Note 7)	98,797,932	97,996,889
Non-voting common shares (Note 7)	-	801,043
Contributed surplus	6,653,044	6,647,313
Accumulated deficit	(104,775,507)	(104,620,120)
Foreign currency translation reserve	(489,866)	(489,866)
	185,603	335,259
	\$ 191,064	\$ 362,734

These Financial Statements are authorized for issue by the Board of Directors on November 18, 2021, and signed on the Company's behalf by:

<u>/s/ De Lyle Bloomquist</u>	<u>/s/ Dan Basse</u>
De Lyle Bloomquist, Director	Dan Basse, Director

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

	3 Months Ended		9 Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
EXPENSES				
General and administrative	\$ 711	\$ (586,917)	\$ 2,171	\$ (387,427)
Investor relations	3,375	39,050	14,810	156,324
Professional fees	3,602	41,686	130,200	138,547
Compensation related to restricted share units	679	-	1,900	7,506
Share-based compensation	1,405	7,989	3,831	23,122
	(9,772)	498,192	(152,912)	61,928
OTHER ITEMS				
Interest income	12	171	46	3,740
Change in fair value of derivative and warrant liability (Note 6)	-	10,829	-	71,681
Accretion expense (Note 6)	-	(16,803)	-	(50,345)
Interest expense	-	(424,644)	-	(1,217,303)
Foreign exchange gain (loss)	(1,137)	(296)	(2,521)	(10,671)
Net income (loss) before income taxes	(10,897)	67,449	(155,387)	(1,140,970)
Income taxes (Note 8)	-	-	-	-
Net income (loss) and comprehensive loss from continuing operations	\$ (10,897)	\$ 67,449	\$ (155,387)	\$ (1,140,970)
Loss from discontinued operations (Note 11)	-	(591,879)	-	(1,771,434)
Comprehensive loss for the period	(10,897)	(524,430)	(155,387)	(2,912,404)
Basic and diluted loss per share from continuing operations (Note 9)	\$ -	\$ -	\$ 0.001	\$ 0.004
Basic and diluted loss per share from discontinued operations (Note 9)	-	0.002	-	0.006
Total basic and diluted loss per share (Note 9)	-	0.002	0.001	0.01
Weighted average number of shares outstanding	178,222,314	298,192,314	178,222,314	295,996,323

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

	Voting common	Non-voting common	Contributed surplus	Accumulated deficit	Foreign currency translation reserve	Total shareholders' equity
Balance as at January 1, 2021	\$ 97,996,889	\$ 801,043	\$ 6,647,313	\$ (104,620,120)	\$ (489,866)	\$ 335,259
Net loss for the period ended September 30, 2021	-	-	-	(155,387)	-	(155,387)
Share-based compensation (Note 7)	-	-	3,831	-	-	3,831
Compensation related to restricted share units (Note 7)	-	-	1,900	-	-	1,900
Conversion of non-voting to voting common shares (Note 7)	801,043	(801,043)	-	-	-	-
Balance as at September 30, 2021	\$ 98,797,932	\$ -	\$ 6,653,044	\$ (104,775,507)	\$ (489,866)	\$ 185,603
Balance as at January 1, 2020	\$ 96,808,358	\$ 801,043	\$ 7,283,686	\$ (32,919,000)	\$ (489,866)	\$ 71,484,221
Net loss for the period ended September 30, 2020	-	-	-	(2,912,404)	-	(2,912,404)
Share-based compensation (Note 7)	-	-	75,025	-	-	75,025
Compensation related to restricted share units (Note 7)	-	-	497,117	-	-	497,117
Common shares issued upon release of restricted share units (Note 7)	1,185,715	-	(1,185,715)	-	-	-
Balance as at September 30, 2020	\$ 97,994,073	\$ 801,043	\$ 6,670,113	\$ (35,831,404)	\$ (489,866)	\$ 69,143,959

The accompanying notes are an integral part of these Financial Statements

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

	Nine Months Ended	
	September 30, 2021	September 30, 2020
OPERATING ACTIVITIES		
Net loss before income taxes from continuing operations	\$ (155,387)	\$ (1,140,970)
Adjustments for:		
Share-based compensation	3,831	23,122
Compensation related to restricted share units	1,900	7,506
Accretion expense	-	50,345
Non-cash interest expense	-	1,217,303
Change in fair value of derivative and warrant liabilities	-	(71,681)
Changes in working capital:		
Receivables	18,194	2,979
Trade and other payables	(22,014)	(428,643)
Net cash used in operating activities from continuing operations	(153,476)	(340,039)
Net cash used in operating activities from discontinued operations	-	(1,489,094)
Net cash used in operating activities	(153,476)	(1,829,133)
INVESTING ACTIVITIES		
Net cash used in investing activities from discontinued operations	-	(683,223)
Net cash used in investing activities	-	(683,223)
FINANCING ACTIVITIES		
Net proceeds from convertible debt	-	2,000,000
Net cash provided by financing activities	-	2,000,000
Net change in cash and cash equivalents	(153,476)	(512,356)
Cash and cash equivalents, beginning of period	343,189	1,018,643
Cash and cash equivalents, end of period	\$ 189,713	\$ 506,287

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

(Unaudited and Expressed in US Dollars)

Note 1. Nature of Operations and Going Concern

Crystal Peak Minerals Inc. (“CPM” or the “Company”) is a public company previously listed on the TSX Venture Exchange (TSXV). Effective November 13, 2020, the listing of the Company’s common shares was transferred from the TSXV to the TSX NEX Board as a result of the corporate restructuring transactions described in Note 11. CPM’s common shares trade on the TSX NEX Board under the symbol “CPM.H”. CPM’s common shares also trade on the OTC Markets Pink market under the symbol “CPMMF”. CPM is domiciled in the Yukon Territory, Canada, and the address of its registered office is 200 – 204 Lambert Street, Whitehorse, Yukon Territory, Y1A 3T2.

These consolidated financial statements (the “Financial Statements”) are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to a going concern. These standards assume CPM will be able to continue to operate for the foreseeable future, realize its assets, and settle its liabilities in the normal course of operations. The use of these principles may ultimately be inappropriate since there are material uncertainties that may cast significant doubt about CPM’s ability to continue as a going concern given its history of losses, accumulated deficit, limited operating history in the fertilizer sector, and the recent events described below.

CPM, together with its previously owned subsidiaries, operated a development-stage entity focused on the development, construction and operation of a potassium sulfate (“SOP”) project on the Sevier Playa in west central Utah (the “Sevier Playa Project”). The Company completed work on a definitive feasibility study (the “FS”) in December 2017, in line with the standards of Canadian National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, the results of which were published on February 21, 2018. During 2020 CPM continued permitting, engineering, and financing activities designed to move the Sevier Playa Project toward construction. During 2021 CPM is looking to identify and secure a new project.

On October 2, 2020, CPM’s cash balance fell below \$500,000, putting the Company in breach of a minimum cash balance covenant in the 2020 Loan (Note 6). As a result of the default, effective October 19, 2020, EMR Capital Investment (No. 5B) Pte. Ltd., an affiliate of EMR Capital Resources Fund 1, LP (“EMR”), CPM’s majority shareholder, enforced its security provision under the 2020 Loan agreement in accordance with its rights and acquired the Company’s shares of its wholly-owned subsidiary, Peak Minerals Inc. (“Peak Minerals”) (Note 11).

CPM’s ability to continue as a going concern is currently dependent upon its ability to obtain sufficient cash from external financing or sale of the company.

On February 19, 2021 (and amended on July 12, 2021, October 12, 2021, and November 9, 2021), the Company announced that it has entered into an arrangement agreement with Western Exploration LLC (“Western”) outlining the terms upon which, among other things, Western will effect a “reverse takeover” of CPM (the “RTO”). Pursuant to the arrangement agreement, and as part of the RTO, and subject to any required shareholder and regulatory approvals:

- all of the outstanding membership interests in Western will be transferred to CPM in exchange for shares in the amalgamated company (the “Resulting Issuer”);
- the outstanding options and restricted share units of CPM will be surrendered by the holders thereof and canceled for no consideration;
- the common shares of CPM will be consolidated on a 363.30:1 basis (the “Share Consolidation”);
- CPM will continue from Yukon to British Columbia;
- the name of the resulting issuer will be changed to “Western Exploration Inc.” (or such other name as may be acceptable to Western) and Western will change its stock exchange ticker symbol to “WEX”;
- the Resulting Issuer will adopt new articles, security-based compensation arrangements, and other corporate policies; and
- the board of directors and the management of the Resulting Issuer will be reconstituted.

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

Completion of the RTO is subject to a number of conditions, including, but not limited to, stock exchange acceptance; approval of CPM shareholders; court approval; closing of a concurrent financing; and, if applicable, disinterested shareholder approval. Where applicable, the RTO cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all. In addition, the RTO is not a "related party transaction" as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and is not subject to Policy 5.9 of the Exchange.

The agreement has been approved by the boards of directors of both companies and is expected to be completed in the fourth quarter of 2021, upon shareholder approval. There can, however, be no assurance that the steps management is taking will be successful. If the going concern basis were not appropriate, material adjustments may be necessary in the carrying amounts and or classification of assets and liabilities and losses reported in these Financial Statements.

Note 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all periods presented and are consistent with the policies applied to the audited consolidated financial statements for the year ended December 31, 2020.

Basis of Preparation

These Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and should be read in conjunction with the annual audited consolidated statements for the year ended December 31, 2020 which were prepared in accordance with IFRS and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting. Further, the Financial Statements have been prepared, primarily, under the historical cost convention.

All amounts, unless specifically indicated otherwise, are presented in U.S. dollars.

These Financial Statements were authorized for issuance on November 18, 2021 by the Board of Directors.

Principles of Consolidation

These Financial Statements include the Company's accounts and those of its previously wholly-owned subsidiary, Peak Minerals. On October 2, 2020, CPM's cash balance fell below \$500,000, putting the Company in breach of a minimum cash balance covenant in the 2020 Loan. As a result of the default, effective October 19, 2020, EMR enforced its security provision under the 2020 Loan agreement in accordance with its rights and acquired the Company's shares of its wholly-owned subsidiary, Peak Minerals (Note 11). As a result, Peak Minerals has been presented as a discontinued operation in these Financial Statements.

All intercompany accounts and transactions have been eliminated on consolidation.

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, and deconsolidated from the date that control ceases.

Segment Reporting

The Company had only one operating segment as the Company's operating results are reviewed on a consolidated basis. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

Foreign Currency Translation

Presentation and Functional Currency

These Financial Statements are presented in U.S. dollars. The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Accordingly, the Company's functional currency is the U.S. dollar.

Transactions and Balances

Transactions that occur in a foreign currency are translated and recorded into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses that result from the settlement of transactions and the translation of monetary assets and liabilities are recognized in the Consolidated Statement of Loss. For reporting purposes, monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate as at the date of the Consolidated Statement of Financial Position. Nonmonetary items are not retranslated as at the date of the Consolidated Statement of Financial Position, but remain translated at historical cost using the exchange rate as at the date of the original transaction.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The costs of property, plant, and equipment are composed of purchase price plus all costs directly attributable to bringing the assets to the location and condition necessary for their intended operation. Property, plant, and equipment are depreciated to their estimated residual value over their useful lives, beginning in the month following completion of the capital spending on a project or the month following the time when the assets become available for use.

The Company depreciates its property, plant, and equipment on a straight-line basis as follows:

Computers and equipment	2-5 years
Furniture and fixtures	2-5 years
Project equipment	2-5 years
Buildings	35 years

Interest in Mineral Properties

All costs related to the acquisition, exploration, evaluation, and development of mineral properties are capitalized by property where there is an expectation that the costs will be recovered. These costs are capitalized until the beginning of commercial production and will be subsequently amortized on a unit-of-production basis over the total reserves or will be written down to the recoverable amount if exploration and evaluation activities prove unsuccessful, if the mineral property is abandoned, or if the costs are no longer recoverable.

These capitalized activities include:

- acquisition of property rights or rights to explore, including all ongoing ownership costs;
- researching and analyzing historical exploration and evaluation data;
- gathering exploration data through topographical, geochemical, and geophysical studies;
- exploratory drilling, trenching, and sampling;
- determining and examining the volume and grade of the resources;

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

- surveying transportation and infrastructure requirements;
- field operations and expenditures;
- project permitting;
- depreciation on certain project related equipment, and assets;
- share based compensation;
- environmental rehabilitation obligations; and
- activities involved in evaluating the technical and commercial feasibility of extracting mineral resources, including the costs incurred in determining the most appropriate mining and processing methods.

Adoption of New Accounting Standards

IFRS 16, Leases (“IFRS 16”) was adopted as of January 1, 2019. Effective for reporting periods beginning on or after January 1, 2019, IFRS 16 now requires operating leases to be recognized on the consolidated statement of financial position as a right-of-use asset and as a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is then to be allocated between the lease liability and finance cost, with the finance cost charged to comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is to be depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are to be initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is to be used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Subsequent to initial measurement, the liability would be reduced for payments made and increased for interest and remeasured to reflect any reassessment or modifications, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is to be reflected in the right-of-use asset, or comprehensive loss if the right-of-use asset is already reduced to zero. The right of use asset is recorded at the amount of the lease liability adjusted by the amount of any previously recognized prepaid or accrued lease payments related to that lease. Payments associated with short-term leases (12 months or less) and leases of low-value assets (less than \$5,000) can continue to be recognized on a straight-line basis as an expense in comprehensive loss. IFRS 16 can be adopted on either a full retrospective basis or on a modified retrospective basis with the cumulative effect of applying the standard recognized as an adjustment to the opening accumulated deficit at the date of initial adoption.

The Company adopted IFRS 16 on a modified retrospective basis from January 1, 2019, with no restatement of comparatives, as permitted under the specific transitional provisions in the standard. As the adoption of this new standard has no material effect on the Financial Statements, no adjustments have been reflected in these Financial Statements on adoption of the standard. The Company only had one lease contract for its office space located in Salt Lake City, Utah, pursuant to a lease that expired on June 30, 2021. The office lease was a liability of the Company’s previously owned subsidiary, Peak Minerals. Upon completion of the corporate restructuring (Note 11), the Company was no longer responsible for the lease. As at September 30, 2021 and September 30, 2020 the Company had the following obligations to make future minimum payments related to this lease:

Minimum lease payments as at	September 30, 2021	September 30, 2020
Not later than 1 year	\$ -	\$ 85,828
	\$ -	\$ 85,828

The monthly rental payments were charged to discontinued operation expense as incurred within general and administrative expenses consistent with prior years (Note 11).

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

Note 3. Critical Accounting Estimates and Judgments

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In preparing these Financial Statements, the significant judgments made by management in applying CPM's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2020.

Note 4. Restricted Cash

On June 26, 2018, Peak Minerals provided to the Utah Division of Oil, Gas and Mining ("DOGM") cash in the amount of \$71,600, in lieu of a surety bond for the exploration of certain Utah School and Institutional Trust Lands Administration ("SITLA") lands controlled by Peak Minerals as part of the Sevier Playa Project. On August 7, 2019, DOGM released a portion of the funds related to the 2018 surety bond back to Peak Minerals in the amount of \$28,300.

The Company accrued interest on these funds prior to the disposal that amounted to \$59 as at September 30, 2020 (Note 11).

Note 5. Property Plant, and Equipment

The property, plant, and equipment balance consisted of:

	Computers & equipment	Furniture & fixtures	Project equipment	Buildings	Mineral properties and development costs	Total
As at January 1, 2020						
Cost	\$ 41,597	\$ 24,729	\$ 405,923	\$ 98,187	\$ 83,964,478	\$ 84,534,914
Accumulated depreciation	(38,942)	(24,729)	(368,401)	(23,333)	-	(455,405)
Net book amount	\$ 2,655	\$ -	\$ 37,522	\$ 74,854	\$ 83,964,478	\$ 84,079,509
Period ended September 30, 2020						
Opening net book amount	\$ 2,655	\$ -	\$ 37,522	\$ 74,854	\$ 83,964,478	\$ 84,079,509
Additions	-	-	-	-	686,809	686,809
Depreciation	(2,385)	-	(11,025)	(2,104)	-	(15,514)
Closing net book amount	\$ 270	\$ -	\$ 26,497	\$ 72,750	\$ 84,651,287	\$ 84,750,804
As at September 30, 2020						
Cost	\$ 41,597	\$ 24,729	\$ 405,923	\$ 98,187	\$ 84,651,287	\$ 85,221,723
Accumulated depreciation	(41,327)	(24,729)	(379,426)	(25,437)	-	(470,919)
Net book amount	\$ 270	\$ -	\$ 26,497	\$ 72,750	\$ 84,651,287	\$ 84,750,804

During the nine-month period ended September 30, 2021, the Company recognized depreciation expense of \$nil (nine months ended September 30, 2020, \$15,514), of which \$nil (nine months ended September 30, 2020, \$2,385) was recognized as discontinued operations expense in the Consolidated Statement of Loss and \$nil (nine months ended September 30, 2020, \$13,129) was capitalized in Peak Minerals' mineral properties (Note 11). Following receipt of the Record of Decision from the U.S Department of the Interior for the Company's Sevier Playa Project, the exploration and evaluation assets relating to expenditures incurred in connection with the exploration and evaluation of the mineral resources on this project were reclassified to development costs within property, plant, and equipment commencing in the fourth quarter of 2019, because the technical feasibility and commercial viability of the Sevier Playa Project was considered to be demonstrable.

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

Note 6. Borrowings and Related Financial Liabilities

Borrowings and related financial liabilities consisted of:

	Repurchase obligation	Convertible debt, host	Derivative liability	Total
As at December 31, 2019	\$ 1,500,000	\$ 10,000,000	\$ -	\$ 11,500,000
Amended convertible debt, 2018 Loan	-	(10,000,000)	-	(10,000,000)
Convertible debt, 2020 Loan	-	13,057,252	67,170	13,124,422
Accretion	-	50,345	-	50,345
Change in fair value	-	-	(67,170)	(67,170)
As at September 30, 2020	\$ 1,500,000	\$ 13,107,597	\$ -	\$ 14,607,597

Repurchase Obligation

On May 2, 2014, CPM entered into a secured credit agreement with Extract Advisors, LLC and its affiliate, Extract Capital LP (together “Extract”), for a \$2,500,000 loan (the “Extract Loan”). The Extract Loan had a term of 60 months, with 95% of the outstanding principal and interest coming due on May 2, 2016. The Extract Loan was repaid in May 2016, and the security was released. In conjunction with the Extract Loan, CPM issued Extract 1,500,000 common shares and 750,000 common share purchase warrants (the “Extract Warrants”). The Extract Warrants had an exercise price of C\$0.36 per common share and expired unexercised on May 2, 2019. CPM also provided Extract with a production fee of \$1.70 per tonne of production of SOP. The production fee could have been repurchased at any time by CPM for \$1,500,000 which was the estimated fair value of this obligation at September 30, 2020. Effective November 2020, Extract released CPM from the production fee obligation, since it no longer owned or controlled the Sevier Playa Project as a result of the corporate restructuring and Peak Minerals became the primary obligor under the production fee agreement (previously it had been a guarantor) (Note 11).

Convertible Debt

On July 19, 2018 the Company entered into a convertible loan agreement with EMR, its majority shareholder, (the “2018 Loan Agreement”), pursuant to which EMR agreed to lend the Company up to \$10,000,000 in two tranches (the “2018 Loan”). In addition, the closing of the first tranche of the 2018 Loan was completed in the amount of \$5,000,000, and bore interest at the rate of 12%, compounded quarterly. The principal amount of the 2018 Loan, in whole or in part, was convertible into common shares of the Company at EMR’s option, at a price per common share of C\$0.50. In addition, interest on the 2018 Loan was payable in common shares at the market price of the Company’s shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange. The 2018 Loan matured on January 19, 2020, and was repaid with the proceeds of the 2020 Loan.

When estimating the initial fair value of the first tranche of the debt host and embedded derivative liability components of the 2018 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments.

The residual value was allocated to the embedded conversion option, which resulted in an implied volatility of 25.50% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Tranche 1 inception July 19, 2018
Market price	C\$0.31
Conversion price per common share	C\$0.50
Risk-free interest rate	1.92%
Expected volatility	25.50%
Expected dividend yield	0%
Expected life (years)	1.50

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$	5,000,000
Less derivative component		(40,432)
Value assigned to convertible debt	\$	4,959,568

The changes in the convertible debt are as follows:

Opening balance	\$	-
Value assigned to convertible debt		4,959,568
Accretion		13,441
Convertible debt balance as at December 31, 2018		4,973,009
Accretion		26,991
Convertible debt balance as at December 31, 2019		5,000,000
Repayment of principal out of proceeds of the 2020 Loan		(5,000,000)
Convertible debt balance as at September 30, 2020	\$	-

The changes in the derivative liability are as follows:

Opening balance	\$	-
Fair value assigned at loan inception		40,432
Change in fair value of derivative liability		(40,432)
Balance as at December 31, 2019	\$	-
Change in fair value of derivative liability		-
Balance as at December 31, 2019		-
Change in fair value of derivative liability		-
Balance as at September 30, 2020	\$	-

On October 29, 2018 the Company closed the second tranche of the 2018 Loan in the amount of \$5,000,000. When estimating the initial fair value of the second tranche of the debt host and embedded derivative liability components of the 2018 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, which resulted in an implied volatility of 40.5% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Tranche 2 inception October 29, 2018
Market price	C\$0.225
Conversion price per common share	C\$0.50
Risk-free interest rate	2.25%
Expected volatility	40.50%
Expected dividend yield	0%
Expected life (years)	1.30

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$ 5,000,000
Less derivative component	(29,722)
Value assigned to convertible debt	\$ 4,970,278

The changes in the convertible debt are as follows:

Opening balance	\$ -
Value assigned to convertible debt	4,970,278
Accretion	5,930
Convertible debt balance as at December 31, 2018	4,976,208
Accretion	23,792
Convertible debt balance as at December 31, 2019	5,000,000
Conversion of principal into 2020 Loan	(5,000,000)
Convertible debt balance as at September 30, 2020	\$ -

The changes in the derivative liability are as follows:

Opening balance	\$ -
Fair value assigned at loan inception	29,722
Change in fair value of derivative liability	(29,722)
Balance as at September 30, 2020	\$ -

On March 29, 2019, the Company issued 4,275,581 common shares at a deemed value of C\$0.185 per common share to settle an interest payment pursuant to the 2018 Loan Agreement. On April 1, 2019, The Company remitted \$104,476 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the 2018 Loan Agreement.

The 2018 Loan matured on January 19, 2020, at which time the Company entered into a new convertible loan agreement (the "2020 Loan") with EMR, pursuant to which EMR agreed to lend the Company \$13,124,422. Proceeds from the 2020 Loan were used to settle the \$10,000,000 principal and \$1,124,421 accrued interest amounts under the 2018 Loan. The cash proceeds of \$2,000,000 were used for ongoing engineering and permitting activities and to fund general corporate costs. The 2020 Loan accrued interest at a rate of 12% per annum and was set to mature in 12 months. The principal amount of the 2020 Loan, in whole or in part, was convertible into common shares (estimated issuance of 311,478,309 shares) of the Company at the option of the holder at a price of C\$0.055 per common share. The 2020 loan contained a prepayment premium option equal to 20% of the principal amount of the loan less all accrued and unpaid interest owing on the loan at the time of such prepayment.

When estimating the initial fair value of the debt host and embedded derivative liability components of the 2020 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion and prepayment options, using a Black-Scholes valuation model, which resulted in an implied volatility of 23.5% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Loan inception January 20, 2020
Market price	C\$0.045
Conversion price per common share	C\$0.055
Risk-free interest rate	1.65%
Expected volatility	23.50%
Expected dividend yield	0%
Expected life (years)	1.00

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$ 13,124,422
Less derivative component	(67,170)
Value assigned to convertible debt	\$ 13,057,252

The changes in the convertible debt are as follows:

Opening balance	\$ -
Value assigned to convertible debt	13,057,252
Accretion	33,542
Convertible debt balance as at September 30, 2020	13,090,794
Accretion	16,803
Loan settled with shares of Peak Minerals	(13,107,597)
Convertible debt balance as at December 31, 2020	\$ -

The changes in the derivative liability are as follows:

Opening balance	\$ -
Fair value assigned at loan inception	67,170
Change in fair value of derivative liability	(56,701)
Balance as at September 30, 2020	\$ 10,469
Change in fair value of derivative liability	(10,469)
Balance as at December 31, 2020	\$ -

On October 2, 2020, CPM's cash balance fell below \$500,000, putting the Company in breach of a minimum cash balance covenant in the 2020 Loan. As a result of the default, effective October 19, 2020, EMR enforced its security provision under the 2020 Loan agreement in accordance with its rights and acquired the Company's shares of its wholly-owned subsidiary, Peak Minerals, in satisfaction of the 2020 Loan (Note 11).

Note 7. Share Capital

Authorized

CPM authorized capital consists of unlimited voting common shares without par value, unlimited non-voting common shares without par value and unlimited preference shares without par value.

Voting and non-voting common shares

	Number of shares issued		Share capital	
	Voting common	Non-voting common	Voting common	Non-voting common
Balance as at January 1, 2020	291,483,228	2,466,947	\$ 96,808,358	\$ 801,043
Restricted share units released	4,272,139	-	1,188,531	-
Common shares surrendered by EMR in corporate restructuring	(119,829,182)	(170,818)	-	-
Balance as at December 31, 2020	175,926,185	2,296,129	\$ 97,996,889	\$ 801,043
Non-voting common shares converted to voting common shares	2,296,129	(2,296,129)	801,043	(801,043)
Balance as at September 30, 2021	178,222,314	-	\$ 98,797,932	\$ -

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

On March 30, 2021, 686,306 non-voting common shares were converted to voting shares. On April 22, 2021, 1,605,641 non-voting common shares were converted to voting shares. On May 21, 2021 the final remaining 4,182 non-voting common shares were converted to voting shares.

On November 9, 2020, as part of the restructuring agreement (Note 11), EMR voluntarily surrendered 120 million CPM common shares which were then cancelled by the Company.

On January 15, 2020, RSU vesting requirements were met and 640,213 common shares were released to certain directors. On May 1, 2020, RSU vesting requirements were met and 1,000,000 common shares were released to certain employees. On August 31, 2020, RSU vesting requirements were met and 2,601,926 were released to a former employee. On November 9, 2020, RSU vesting requirements were met and 30,000 common shares were released to a contractor.

On May 2, 2019, the Company closed a private placement with EMR, wherein the Company issued EMR 39,215,686 units at a price of C\$0.17 per unit for gross proceeds of \$4,960,667 (C\$6,666,667). Each unit was composed of one common share, and one-half of one common share purchase warrant for an aggregate of 39,215,686 common shares and 19,607,843 warrants (the “EMR Warrants”). Each full warrant entitled EMR to subscribe for one common share at a price of C\$0.21 per share for a period of 18 months following closing. The fair values of the EMR Warrants were used to determine the financing proceeds allocated to the equity components based on relative fair values. A discount of 15% was applied to account for the four-month hold-back period, as required by the TSX Venture Exchange. As the EMR Warrants did not meet the “fixed-for-fixed” criteria outlined in IFRS 9, they were classified as a derivative financial liability, and re-valued each reporting period. On November 2, 2020 the EMR Warrants expired unexercised.

Restricted share units

CPM has a restricted share unit plan (the “RSU Plan”) under the terms of which, selected officers, employees, consultants, and directors of the Corporation and its affiliates are granted RSUs, where each RSU represents the right to receive one CPM common share upon expiration of an applicable restricted period (vesting). The RSU Plan is designed to aid in attracting, retaining, and encouraging employees and directors, due to the opportunity offered to them, to acquire a proprietary interest in the Company.

The maximum number of common shares available for issuance under the RSU Plan shall not exceed 19,000,000. The maximum number of shares issuable to insiders, at any time, is 10% of the total number of common shares then outstanding. The maximum term for restricted share units to vest is up to ten (10) years, but may be such shorter term as the Company chooses.

On January 15, 2020, RSU vesting requirements were met and 640,213 common shares were released to certain directors. On May 1, 2020, RSU vesting requirements were met and 1,000,000 common shares were released to employees. On August 31, 2020, RSU vesting requirements were met and 2,601,926 were released to a former employee. On November 9, 2020, RSU vesting requirements were met and 30,000 common shares were released to a contractor.

The following table reflects the continuity of RSUs outstanding for the period ended September 30, 2021 and 2020.

	September 30, 2021			September 30, 2020		
	Number of units	Average remaining contractual life (years)	Average market price at time of grant (C\$)	Number of units	Average remaining contractual life (years)	Average market price at time of grant (C\$)
Balance, beginning of period	60,000	8.08	\$ 0.125	4,582,139	8.52	\$ 0.25
Released	-	9.83	0.13	(4,242,139)	8.00	0.30
Cancelled/Forfeited	-	-	-	(250,000)	9.50	0.125
Balance, end of period	60,000	8.08	\$ 0.125	90,000	9.08	\$ 0.125

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

Compensation expense related to restricted share units for the nine months ended September 30, 2021 was \$1,900 (nine months ended September 30, 2020, \$497,117), of which \$1,900 (nine months ended September 30, 2020, \$7,506) was charged to expense in the Consolidated Statement of Loss, \$nil (nine months ended September 30, 2020, \$416,254) was charged to discontinued operations expense in the Consolidated Statement of Loss and \$nil (nine months ended September 30, 2020, \$73,357) was capitalized in Peak Minerals' mineral properties. The offsetting credit was recorded as contributed surplus.

Share purchase options

CPM has a share option plan (the "Option Plan") whereby the Board of Directors may grant options to acquire common shares to directors, officers, employees, or consultants. The Board of Directors has the authority to determine the limits, restrictions, and conditions of common share option grants, and to make all decisions and interpretations relating to the Option Plan. The maximum number of common shares that may be reserved for issuance shall not exceed 10% of the Company's outstanding common shares at the time of grant. Furthermore, the maximum number of common shares that may be reserved for issuance to any one optionee shall not exceed 5% of the Company's outstanding common shares at the time of grant, excepting consultants and investor relations persons which shall not exceed 2% of the Company's outstanding common shares.

The term of any common share option granted may not exceed five years and the exercise price may not be lower than the closing price of CPM's common shares on the last trading day immediately preceding the date of grant, less any discounts from the closing price allowed by the TSX Venture Exchange. Vesting conditions vary based on the circumstances of the option grant. The following table reflects the continuity of common share options for the periods ended September 30, 2021 and 2020.

	September 30, 2021		September 30, 2020	
	Number of options	Weighted average exercise price (C\$)	Number of options	Weighted average exercise price (C\$)
Balance, beginning of period	3,511,734	\$ 0.39	6,128,400	\$ 0.37
Granted	-	-	500,000	0.10
Cancelled/Forfeited	(266,667)	0.44	(1,533,333)	0.21
Expired	(1,200,000)	0.45	(1,175,000)	0.42
Balance, end of period	2,045,067	\$ 0.35	3,920,067	\$ 0.38
Exercisable share purchase options	1,809,467	\$ 0.38	2,716,669	\$ 0.44

A summary of common share options outstanding as at September 30, 2021 is as follows:

Exercise price per share (C\$)	Number of awards vested and exercisable	Weighted average contractual life (yrs)	Number of share purchase options	Weighted average exercise price (C\$)
\$0.10 - 0.40	742,800	2.01	978,400	\$ 0.27
0.41 - 0.45	1,066,667	0.86	1,066,667	0.43
Share purchase options outstanding, end of period	1,809,467	1.44	2,045,067	\$ 0.35

On February 18, 2020, CPM granted 500,000 options to certain consultants of the Company. All options are exercisable over a period of five years at a price of C\$0.10 per common share and shall vest in three equal annual installments on the first, second, and third anniversaries of the option grant. The fair value of the options granted February 18, 2020 was estimated on

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

the date of grant using the Black-Scholes option pricing model. The Company assumed a 6.30% forfeiture rate based on historical forfeitures and the following table outlines the average assumptions used to calculate the fair value:

Black-Scholes option pricing model assumptions

Market price per common share at date of grant	C\$0.04
Exercise price per common share	C\$0.10
Risk-free interest rate	1.41%
Expected volatility	84.05%
Expected dividend yield	0%
Expected life (years)	3.50

Share based compensation for the nine months ended September 30, 2021 was \$3,831 (nine months ended September 30, 2020, \$75,025), of which \$3,831 (nine months ended September 30, 2020, \$23,122) was charged to expense in the Consolidated Statement of Loss, \$nil (nine months ended September 30, 2020, \$37,109) was charged to discontinued operations expense in the Consolidated Statement of Loss and \$nil (nine months ended September 30, 2020, \$14,794) was capitalized in Peak Minerals' mineral properties. The offsetting credit was recorded as contributed surplus.

Note 8. Income Taxes

CPM did not have any transactions during the nine months ended September 30, 2021 that triggered the recognition of an income tax recovery or income tax expense.

Note 9. Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of common shares outstanding during the period. CPM's loss per share from continuing operations for the nine months ended September 30, 2021 was \$0.001 (nine months ended September 30, 2020 was \$0.004) and was based on the loss from continuing operations attributable to the common shareholders of \$155,387 (nine months ended September 30, 2020, \$1,140,970) and the weighted average number of common shares outstanding for the nine months ended September 30, 2021 of 178,222,314 (nine months ended September 30, 2020, 295,996,323). CPM's loss per share from discontinued operations for the nine months ended September 30, 2021 was \$nil (nine months ended September 30, 2020 was \$0.006) and was based on the loss from discontinued operations attributable to the common shareholders of \$nil (nine months ended September 30, 2020, \$1,140,970), and the weighted average number of common shares outstanding for the nine months ended September 30, 2021 of 178,222,314 (nine months ended September 30, 2020, 295,996,323). CPM's total loss per share for the nine months ended September 30, 2021 was \$0.001 (nine months ended September 30, 2020, was \$0.01) and was based on the loss attributable to the common shareholders of \$155,387 (nine months ended September 30, 2020, \$2,912,404), and the weighted average number of common shares outstanding for nine months ended September 30, 2021 of 178,222,314 (nine months ended September 30, 2020, 295,996,323).

The diluted loss per share did not include the effect of the following securities, as they are anti-dilutive:

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

As at	September 30, 2021	September 30, 2020
Number of share purchase warrants	-	19,607,843
Number of restricted share units	60,000	2,941,926
Number of share purchase options	1,809,467	5,270,067
Number of shares issuable on conversion of convertible debt	-	318,303,036
	1,869,467	346,122,872

Convertible debt share calculations were performed in U.S. dollars but were converted to Canadian dollars based on a share price and currency conversion rate of C\$.055, and \$1.3339 = C\$0.7497 for the nine months ended September 30, 2020.

Note 10. Related Party Transactions

CPM's related parties include its subsidiaries, associates, executive and non-executive directors, senior officers (Chief Executive Officer and Chief Financial Officer), and entities controlled or jointly-controlled by directors or senior officers.

Directors and Officers

During the three and nine months ended September 30, 2021 and 2020, compensation paid or payable to key management personnel was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Salaries, benefits, and compensation	\$ -	\$ 237,058	\$ -	\$ 659,897
Director fees	-	(617,500)	-	(422,500)
Share-based compensation	-	13,403	-	52,476
Compensation related to restricted share units	-	103,241	-	299,300
Total director and officer compensation	\$ -	\$ (263,798)	\$ -	\$ 589,173

Salaries and benefits were paid through Peak Minerals.

Management Team Update

Effective August 31, 2020, John Mansanti, the Company's President and Chief Executive Officer, tendered his resignation to the Company to pursue other business interests and also resigned from CPM's board of directors ("Board"). Following Mr. Mansanti's departure, the Board appointed Dean Pekeski as Interim President and Chief Executive Officer, also effective August 31, 2020. Mr. Pekeski has been a contractor for the Company since 2015 and has been the key individual responsible for development activities on the Sevier Playa project.

EMR

During the year ended 2020, the Company entered into certain agreements with EMR, the Company's majority shareholder, in respect of convertible loans, private placement, and acquisition of the Company's shares of its wholly-owned subsidiary, Peak Minerals, in October 2020, in accordance with its rights as settlement for the convertible loan. Upon notification of EMR's intent to enforce its security provision, the Board negotiated a corporate restructuring agreement with EMR whereby EMR agreed that its foreclosure would satisfy in full the Company's obligations under the 2020 Loan. Under the terms of the

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

restructuring agreement, EMR voluntarily surrendered 120 million CPM common shares, reducing its ownership in CPM from approximately 61% to 36%. In addition, two of EMR's nominees to the Board resigned, leaving CPM with a four-person Board.

Note 11. Discontinued Operations

On October 2, 2020, CPM's cash balance fell below \$500,000, putting the Company in breach of a minimum cash balance covenant in the 2020 Loan. As a result of the default, effective October 19, 2020 EMR enforced its security provision under the 2020 Loan agreement in accordance with its rights and foreclosed on the Company's shares of its wholly-owned subsidiary, Peak Minerals, which held its SOP project and the majority of its assets, in satisfaction of the 2020 Loan.

Financial Performance and Cash Flow Information

The financial performance for Peak Minerals is presented for the three and nine months ended September 30, 2020

	<u>3 Months Ended</u>	<u>9 Months Ended</u>
	<u>September 30,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
EXPENSES		
General and administrative	\$ 259,412	\$ 856,018
Depreciation	158	2,385
Investor relations	1,087	15,545
Professional fees	32,503	441,896
Compensation related to restricted share units	291,905	416,254
Share-based compensation	6,380	37,109
	<u>(591,445)</u>	<u>(1,769,207)</u>
OTHER ITEMS		
Interest income	13	102
Accretion expense	(445)	(2,008)
Foreign exchange gain (loss)	(2)	(321)
Net loss before income taxes	<u>(591,879)</u>	<u>(1,771,434)</u>
Income taxes	-	-
Loss and comprehensive loss from discontinued operations	<u>\$ (591,879)</u>	<u>\$ (1,771,434)</u>

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

The cash flow for Peak Minerals is presented for the nine months ended September 30, 2020.

	Nine Months Ended
	September 30,
	2020
OPERATING ACTIVITIES	
Net loss before income taxes from continuing operations	\$ (1,771,434)
Adjustments for:	
Depreciation	2,385
Share-based compensation	37,109
Compensation related to restricted share units	416,254
Accretion expense	2,008
Changes in working capital:	
Trade and other payables	(175,416)
Net cash used in operating activities	(1,489,094)
INVESTING ACTIVITIES	
Increase in restricted cash	(59)
Additions to property, plant and equipment	(683,164)
Net cash used in investing activities	(683,223)
FINANCING ACTIVITIES	
Capital Contribution from Crystal Peak Minerals	1,880,000
Net cash provided by financing activities	1,880,000
Net change in cash and cash equivalents	(292,317)
Cash and cash equivalents, beginning of period	302,728
Cash and cash equivalents, end of period	\$ 10,411

Note 12. Commitments and Contingencies

LUMA Minerals LLC

Effective July 15, 2011, Peak Minerals and LUMA entered into a cooperative development agreement (the “LUMA Agreement”) to develop additional federal leases on the Sevier Playa Project that CPM did not control. The LUMA Agreement added approximately 22,000 acres of additional leases to the lands controlled by CPM, bringing the Sevier Playa Project land package total to approximately 124,000 acres. LUMA won their leases as part of the federal BLM competitive bidding process as second highest bidder when CPM was limited to the acquisition of leases on a maximum of 96,000 acres, pursuant to federal law.

Under the LUMA Agreement, both parties will commit the acreage to development and operation by Peak Minerals. LUMA will make no payments for the development of its acreage and will receive no net revenues from the production from its acreage – all revenues and costs will be for the benefit of Peak Minerals. The LUMA Agreement commits Peak Minerals to pay LUMA a 1.25% overriding royalty on all production from, or allocated to, the LUMA leases. In addition to the overriding royalty, the LUMA Agreement also granted LUMA the right to elect either: (i) a cash-only payment of \$2,000,000; or (ii) the number of common shares in CPM equal in value to \$1,000,000, plus \$1,000,000 cash at the point in time that the Company elects to commit to purchase LUMA’s interest in the LUMA leases. The closing is conditioned upon and subject to: (a) all necessary approvals of the shareholders and governing boards of Peak Minerals and/or CPM; (b) all necessary approvals of U.S. and

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2021 and 2020
(Unaudited and Expressed in US Dollars)

Canadian governmental authorities, including securities and exchange and environmental regulatory bodies, BLM, and SITLA; and (c) all applicable stock exchange rules, regulations, and approvals.

Effective August 31, 2018, in accordance with the terms of the LUMA agreement, the Company's subsidiary, Peak Minerals, obtained an exclusive option ("the Option") to purchase all of the LUMA leases for \$1.00 for each of the leases. The Company paid to LUMA a total of \$2,000,000, composed of \$1,000,000 in cash and 4,283,882 common shares (equal in value to \$1,000,000) of the Company. Pursuant to the Option, Peak Minerals has a period of two years from the date the BLM issues a "notice to proceed" to exercise the Option. LUMA will be entitled to a 1.25% overriding royalty on all production from the leases.

Note 13. Subsequent Events

Amended RTO Agreement

On October 12, 2021 and on November 9, 2021, the Company and Western completed additional amending agreements under which the timeline for completion of the RTO was further extended.