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**AGUILA COPPER CORP.**

*(formerly Aguila American Gold Limited)*

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
OCTOBER 31, 2021

*(Unaudited - Expressed in Canadian Dollars)*

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

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

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

The Company's auditors have not performed a review of these condensed consolidated interim 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.

**AGUILA COPPER CORP.** (formerly *Aguila American Gold Limited*)  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	October 31, 2021 \$	April 30, 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		2,220,724	1,776,271
GST receivable		7,652	15,501
Prepays		<u>27,768</u>	<u>158,853</u>
<b>Total current assets</b>		<u>2,256,144</u>	<u>1,950,625</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	4	<u>609,868</u>	<u>515,159</u>
<b>Total non-current assets</b>		<u>609,868</u>	<u>515,159</u>
<b>TOTAL ASSETS</b>		<u>2,866,012</u>	<u>2,465,784</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	<u>182,357</u>	<u>141,473</u>
<b>TOTAL LIABILITIES</b>		<u>182,357</u>	<u>141,473</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	29,948,167	29,209,019
Share-based payments reserve		1,891,609	1,834,209
Deficit		<u>(29,156,121)</u>	<u>(28,718,917)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>2,683,655</u>	<u>2,324,311</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>2,866,012</u>	<u>2,465,784</u>

**Nature of Operations** - see Note 1

**Events after the Reporting Period** - Note 10

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on December 17, 2021 and are signed on its behalf by:

/s/ Mark Saxon  
Mark Saxon  
Director

/s/ Nick DeMare  
Nick DeMare  
Director

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

**AGUILA COPPER CORP.** (formerly *Aguila American Gold Limited*)  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three Months Ended October 31,		Six Months Ended October 31,	
		2021 \$	2020 \$	2021 \$	2020 \$
<b>Expenses</b>					
Accounting and administration	6(b)(ii)	10,900	18,100	15,900	28,100
Audit		12,000	-	12,000	6,667
Corporate development		9,334	24,468	33,579	24,468
Director and officer compensation	6	33,000	33,000	66,000	46,580
Insurance		918	-	3,870	-
Investor relations		62,647	-	125,294	-
Legal		9,777	28,734	9,850	28,734
Office		1,696	3,931	2,387	4,629
Professional fees		92,397	20,108	99,414	20,108
Regulatory fees		8,578	2,000	15,378	4,529
Share-based compensation	5(d)	30,400	182,190	57,400	182,190
Shareholder costs		2,060	1,882	3,410	1,882
Transfer agent		1,585	4,788	2,282	6,160
		<u>275,292</u>	<u>319,201</u>	<u>446,764</u>	<u>354,047</u>
<b>Loss before other items</b>		<u>(275,292)</u>	<u>(319,201)</u>	<u>(446,764)</u>	<u>(354,047)</u>
<b>Other items</b>					
Interest income		2,967	2,900	5,698	3,138
Interest expense		-	-	-	(1,373)
Foreign exchange		(659)	1,623	3,862	1,479
		<u>2,308</u>	<u>4,523</u>	<u>9,560</u>	<u>3,244</u>
<b>Net loss and comprehensive loss for the period</b>		<u>(272,984)</u>	<u>(314,678)</u>	<u>(437,204)</u>	<u>(350,803)</u>
<b>Basic and diluted loss per common share</b>		<u>\$(0.01)</u>	<u>\$(0.02)</u>	<u>\$(0.02)</u>	<u>\$(0.04)</u>
<b>Basic and diluted weighted average number of common shares outstanding</b>		<u>20,934,874</u>	<u>13,017,007</u>	<u>20,462,652</u>	<u>9,396,830</u>

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

**AGUILA COPPER CORP.** (formerly *Aguila American Gold Limited*)  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

<b>Six Months Ended October 31, 2021</b>					
<b>Common Shares</b>					
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Deficit \$	Total Shareholders' Equity \$
<b>Balance at April 30, 2021</b>	20,226,541	29,209,019	1,834,209	(28,718,917)	2,324,311
Common shares issued for cash:					
- private placement	3,750,000	750,000	-	-	750,000
Share issue costs	-	(10,852)	-	-	(10,852)
Share-based compensation	-	-	57,400	-	57,400
Net loss for the period	-	-	-	(437,204)	(437,204)
<b>Balance at October 31, 2021</b>	<b>23,976,541</b>	<b>29,948,167</b>	<b>1,891,609</b>	<b>(29,156,121)</b>	<b>2,683,655</b>

<b>Six Months Ended October 31, 2020</b>					
<b>Common Shares</b>					
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Deficit \$	Total Shareholders' Equity \$
<b>Balance at April 30, 2020</b>	3,238,985	26,055,130	1,477,619	(27,865,350)	(332,601)
Common shares issued for cash:					
- private placements	16,812,556	3,179,225	-	-	3,179,225
- warrants exercised	150,000	20,400	-	-	20,400
Share issue costs	-	(48,986)	-	-	(48,986)
Share-based compensation	-	-	182,190	-	182,190
Net loss for the period	-	-	-	(350,803)	(350,803)
<b>Balance at October 31, 2020</b>	<b>20,201,541</b>	<b>29,205,769</b>	<b>1,659,809</b>	<b>(28,216,153)</b>	<b>2,649,425</b>

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

**AGUILA COPPER CORP.** (formerly *Aguila American Gold Limited*)  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Six Months Ended October 31,	
	2021 \$	2020 \$
<b>Operating activities</b>		
Net loss for the period	(437,204)	(350,803)
Adjustments for:		
Interest expense	-	1,373
Share-based compensation	57,400	182,190
Changes in non-cash working capital items:		
GST receivable	7,849	(8,872)
Prepays	131,085	(52,790)
Accounts payable and accrued liabilities	44,164	(139,222)
<b>Net cash used in operating activities</b>	<u>(196,706)</u>	<u>(368,124)</u>
<b>Investing activity</b>		
Exploration and evaluation assets expenditures	<u>(97,989)</u>	<u>(81,482)</u>
<b>Net cash used in investing activity</b>	<u>(97,989)</u>	<u>(81,482)</u>
<b>Financing activities</b>		
Issuance of common shares	750,000	3,199,625
Share issue costs	(10,852)	(48,986)
Repayment of advances and accrued interest	-	(120,229)
<b>Net cash provided by financing activities</b>	<u>739,148</u>	<u>3,030,410</u>
<b>Net change in cash</b>	444,453	2,580,804
<b>Cash at beginning of period</b>	<u>1,776,271</u>	<u>21,759</u>
<b>Cash at end of period</b>	<u>2,220,724</u>	<u>2,602,563</u>

**Supplemental cash flow information** - See Note 8

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

**AGUILA COPPER CORP.** (formerly *Aguila American Gold Limited*)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2021**  
(Unaudited - Expressed in Canadian Dollars)

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**1. Nature of Operations**

On December 3, 2021 AguilA American Gold Limited changed its name to AguilA Copper Corp. (the “Company”). The Company is listed and traded on the TSX Venture Exchange (“TSXV”) under the symbol “AGL”, the OTCQB under the symbol “AGLAF” and the Frankfurt Stock Exchange under the Symbol “AGP2”. The Company’s principal and executive office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7, Canada.

The Company is a junior resource company engaged in the acquisition and exploration of unproven mineral interests. On the basis of information to date the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. As a mineral Company in the exploration stage the ability of the Company to complete the exploration and development of its mineral property interests will be affected primarily by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

The Company has a history of losses with no operating revenues and, as at October 31, 2021, the Company had working capital of \$2,073,787. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. As at October 31, 2021 management considers that the Company has adequate resources to maintain its core operations, conduct planned exploration programs on its existing exploration and evaluation assets and discharge its obligations as they become due in the next twelve months.

These condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to October 31, 2021.

In March 2020 the World Health Organization (“WHO”) declared the outbreak of a novel coronavirus, identified as “COVID-19”, as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented COVID-19 safe plans and will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

**2. Basis of Preparation**

***Statement of Compliance***

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and its interpretations, using accounting policies consistent with International Financial Reporting Standards (“IFRS”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended April 30, 2021, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee (“IFRIC”). The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s financial statements for the year ended April 30, 2021.

***Basis of Measurement***

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

**AGUILA COPPER CORP.** (formerly *Aguila American Gold Limited*)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**3. Subsidiary**

On November 10, 2020 the Company established a United States subsidiary, Aguilá Gold Inc., (“Aguila USA”) in the state of Nevada to conduct the Company’s activities in the United States. As at October 31, 2021 Aguilá USA remains the Company’s sole subsidiary.

**4. Exploration and Evaluation Assets**

	WUSA Gold Project \$	Cora Copper Project \$	Lida Copper Project \$	Total \$
<b>Balance at April 30, 2020</b>	-	-	-	-
<b>Exploration costs</b>				
Assays	43,302	-	-	43,302
Drilling	254,694	-	-	254,694
Geological	64,562	-	-	64,562
Permits	12,274	-	-	12,274
Travel	7,366	-	-	7,366
Vehicle rental	3,783	-	-	3,783
	<u>385,981</u>	<u>-</u>	<u>-</u>	<u>385,981</u>
<b>Acquisition cost</b>				
Option payments	129,178	-	-	129,178
<b>Balance at April 30, 2021</b>	<u>515,159</u>	<u>-</u>	<u>-</u>	<u>515,159</u>
<b>Exploration costs</b>				
Assays	1,855	-	-	1,855
Geological	7,782	19,680	11,693	39,155
Travel	1,268	-	2,285	3,553
Vehicle rental	1,849	-	965	2,814
	<u>12,754</u>	<u>19,680</u>	<u>14,943</u>	<u>47,377</u>
<b>Acquisition cost</b>				
Staking costs	-	18,270	29,062	47,332
<b>Balance at October 31, 2021</b>	<u>527,913</u>	<u>37,950</u>	<u>44,005</u>	<u>609,868</u>

(a) *WUSA Gold Project, Oregon*

Effective December 27, 2017, as amended, Mawson Gold Limited and its subsidiary, Mawson Resources USA Inc. (“Mawson USA”) (collectively “Mawson”), entered into an agreement (the “WUSA Option Agreement”) whereby it was granted the option to lease and to conduct exploration on mineral rights (the “WUSA Gold Project”) located in Oregon, USA. Pursuant to the WUSA Option Agreement Mawson had agreed to pay an annual option to lease payments (adjusted for inflation) of:

- Option Year 1 - US \$100,000 (paid by Mawson);
- Option Year 2 - payments of US \$25,000 (the “August Payment”) on or before August 1, 2020 (paid) and US \$75,000 on or before February 1, 2021 (paid); and
- Option Year 3 - US \$25 per acre. The option lease payment will be determined by the acreage retained.

Mawson was also required to expend minimum annual exploration expenditures as follows:

- Option Year 1 - US \$500,000, which was met by Mawson as at November 30, 2018;
- Option Year 2 - US \$750,000, of which a minimum of US \$200,000 shall be completed on or before December 31, 2020, and the remaining US \$550,000 on or before December 31, 2021;

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**4. Exploration and Evaluation Assets (continued)**

Option Year 3 - US \$1,000,000; and  
Option Year 4 - US \$1,000,000.

On July 27, 2020 Mawson entered into an agreement with the Company whereby it granted the Company the right to earn up to an 80% indirect interest in the WUSA Gold Project. The Company can earn an initial 51% indirect interest (the "Initial Interest") by funding a minimum of US \$200,000 in exploration expenditures by December 31, 2020 and making the August Payment to the landholder. As at April 30, 2021 the Company has earned the Initial Interest.

The Company can earn an additional 29% indirect interest by funding a further US \$1,000,000 in exploration expenditures by December 31, 2022. The Company has also agreed to make all the remaining option lease payments and exploration expenditures required under the WUSA Option Agreement.

The Company and Mawson have a director in common.

(b) *Cora Copper Project, Arizona*

The Company has staked 46 mining claims (the "Cora Copper Project"), located in Pinal County, Arizona.

(c) *Lida Copper Project, Nevada*

The Company has staked 33 mining claims (the "Lida Copper Project"), located in Esmeralda County, Nevada.

(d) See also Note 10(b).

**5. Share Capital**

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

*Six Months Ended October 31, 2021*

On October 15, 2021 the Company completed a non-brokered private placement of 3,750,000 units at \$0.20 per unit, for total proceeds of \$750,000. Each unit comprised one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.30 per share on or before October 15, 2024. Directors and officers of the Company purchased a total of 125,000 units of the private placement.

The Company incurred a total of \$10,852 for legal and other costs associated with this private placement.

*Fiscal 2021*

(i) On June 11, 2020 the Company completed a non-brokered private placement of 3,000,000 units at \$0.10 per unit, for total proceeds of \$300,000. Each unit comprised one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.13 per share on or before June 11, 2022. Directors and officers of the Company purchased a total of 1,205,000 units of the private placement.

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**5. Share Capital** (continued)

- (ii) On June 25, 2020 the Company completed a non-brokered private placement of 1,905,000 units at \$0.105 per unit, for total proceeds of \$200,025. Each unit comprised one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.14 per share on or before June 25, 2022. Directors and officers of the Company purchased a total of 1,260,000 units of the private placement.
- (iii) On September 25, 2020 the Company completed a non-brokered private placement of 11,907,556 units at \$0.225 per unit, for total proceeds of \$2,679,200. Each unit comprised one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.45 per share on or before September 25, 2022. The Company paid finders' fees totalling \$14,850. Directors and officers of the Company and close family members purchased a total of 434,000 units of the private placement.

The Company incurred a total of \$34,136 for legal and other costs associated with these private placements.

(c) **Warrants**

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at October 31, 2021 and 2020 and the changes for the six months ended those dates is as follows:

	2021		2020	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	8,231,278	0.36	342,500	0.50
Issued	1,875,000	0.30	8,406,278	0.38
Exercised	-	-	(150,000)	0.14
Balance, end of period	10,106,278	0.36	8,598,778	0.37

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at October 31, 2021:

Number	Exercise Price \$	Expiry Date
1,415,000	0.13	June 11, 2022
862,500	0.14	June 25, 2022
5,953,778	0.45	September 25, 2022
1,875,000	0.30	October 15, 2024
10,106,278		

(d) **Share Option Plan**

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the six months ended October 31, 2021 the Company granted share options to purchase 340,000 (2020 - 814,000) common shares and recorded compensation expense of \$57,400 (2020 - \$182,190).

**AGUILA COPPER CORP.** (formerly *Aguila American Gold Limited*)  
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**5. Share Capital (continued)**

The fair value of share options granted during the six months ended October 31, 2021 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	<u>2021</u>	<u>2020</u>
Risk-free interest rate	0.66% - 0.76%	0.29%
Estimated volatility	99% - 102%	84%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average measurement date fair value of all share options granted during the six months ended October 31, 2021 using the Black-Scholes Option Pricing Model, was \$0.17 (2020 - \$0.22) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at October 31, 2021 and 2020 and the changes for the six months ended on those dates, is as follows:

	<u>2021</u>		<u>2020</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	1,904,000	0.34	-	-
Granted	340,000	0.21	814,000	0.36
Expired	<u>(225,000)</u>	0.34	<u>-</u>	-
Balance, end of period	<u>2,019,000</u>	0.32	<u>814,000</u>	0.36

The following table summarizes information about the share options outstanding and exercisable at October 31, 2021:

Number	Exercise Price \$	Expiry Date
400,000	0.32	August 18, 2023
364,000	0.40	August 18, 2023
915,000	0.32	November 6, 2023
150,000	0.22	July 16, 2024
<u>190,000</u>	0.21	October 1, 2024
<u>2,019,000</u>		

See also Note 10(a).

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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*(Unaudited - Expressed in Canadian Dollars)*

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**6. Related Party Transactions and Balances**

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

The Company has determined that key management personnel consists of the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) of the Company. During the six months ended October 31, 2021 the Company incurred \$60,000 (2020 - \$40,580) executive compensation with respect to the Company’s key management personnel. As at October 31, 2021 \$114,630 (April 30, 2021 - \$89,630) remained unpaid and has been included in accounts payable and accrued liabilities.

During the six months ended October 31, 2020 the Company also recorded \$94,710 share-based compensation for share options granted to key management personal.

(b) *Transactions with Other Related Parties*

(i) During the six months ended October 31, 2021 the Company incurred \$6,000 (2020 - \$6,000) for compensation to non-executive directors of the Company. As at October 31, 2021 \$34,963 (April 30, 2021 - \$36,963) remained unpaid and has been included in accounts payable and accrued liabilities.

During the six months ended October 31, 2020 the Company also recorded \$31,500 share-based compensation for share options granted to non-executive directors.

(ii) During the six months ended October 31, 2021 the Company incurred \$15,900 (2020 - \$28,100) for accounting and administration services provided by Chase Management Ltd. (“Chase”), a private company owned by the CFO of the Company. As at October 31, 2021 \$7,700 (April 30, 2021 - \$3,800) remained unpaid and has been included in accounts payable and accrued liabilities.

During the six months ended October 31, 2020 the Company also recorded \$3,780 share-based compensation for share options granted to Chase.

(iii) See also Notes 4(a) and 5(b).

**7. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVOCI”); and amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	October 31, 2021 \$	April 30, 2021 \$
Cash	Amortized cost	2,220,724	1,776,271
Accounts payable and accrued liabilities	Amortized cost	(182,357)	(141,473)

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

**AGUILA COPPER CORP.** (formerly *Aguila American Gold Limited*)  
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**7. Financial Instruments and Risk Management** (continued)

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	<b>Contractual Maturity Analysis at October 31, 2021</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	2,220,724	-	-	-	2,220,724
Accounts payable and accrued liabilities	(182,357)	-	-	-	(182,357)
	<b>Contractual Maturity Analysis at April 30, 2021</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	1,776,271	-	-	-	1,776,271
Accounts payable and accrued liabilities	(141,473)	-	-	-	(141,473)

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

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*(Unaudited - Expressed in Canadian Dollars)*

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**7. Financial Instruments and Risk Management** (continued)

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents bear floating rates of interest. The interest rate risk on cash and cash equivalents and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains a US Dollar currency bank accounts to support the cash needs of its foreign operation. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At October 31, 2021, 1 Canadian Dollar was equal to 0.81 US Dollar.

Balances are as follows:

	US Dollars	CDN \$ Equivalent
Cash	176,131	217,446
Accounts payable and accrued liabilities	<u>(10,676)</u>	<u>(13,202)</u>
	<u>165,455</u>	<u>204,244</u>

Based on the net exposures as of October 31, 2021 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's comprehensive loss being approximately \$21,200 higher (or lower).

**Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties or evaluate business opportunities which may become available. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash equivalents. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**8. Supplemental Cash Flow Information**

During the six months ended October 31, 2021 and 2020 non-cash activities were conducted by the Company as follows:

	2021 \$	2020 \$
Operating activity		
Accounts payable and accrued liabilities	<u>3,280</u>	<u>-</u>
Investing activity		
Exploration and evaluation assets	<u>(3,280)</u>	<u>-</u>

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**9. Segmented Information**

Substantially all of the Company's operations are in one industry, the exploration for precious metals. As at October 31, 2021 the Company's mineral property interests are located in the United States and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results. See also Note 10(b).

The Company's total assets are segmented geographically as follows:

	<b>October 31, 2021</b>		
	<b>Corporate Canada \$</b>	<b>Mineral Operations USA \$</b>	<b>Total \$</b>
Current assets	2,217,065	39,079	2,256,144
Exploration and evaluation assets	-	609,868	609,868
	<u>2,217,065</u>	<u>648,947</u>	<u>2,866,012</u>
	<b>April 30, 2021</b>		
	<b>Corporate Canada \$</b>	<b>Mineral Operations USA \$</b>	<b>Total \$</b>
Current assets	1,911,503	39,122	1,950,625
Exploration and evaluation assets	-	515,159	515,159
	<u>1,911,503</u>	<u>554,281</u>	<u>2,465,784</u>

**10. Events after the Reporting Period**

- (a) On November 1, 2021 the Company granted share options to a consultant to purchase 160,000 common shares of the Company at an exercise price of \$0.21 per share, expiring November 1, 2024.
- (b) On December 6, 2021 the Company entered into an option agreement (the "Sherridon Option Agreement") with a private British Columbia company (the "Vendor") pursuant to which the Company will be granted the option to earn up to a 90% interest of 28 mining claims and one mineral lease (the "Sherridon Property") located in the Sherridon mining district in Manitoba, Canada.

Pursuant to the Sherridon Option Agreement the Company is required to pay \$15,000 cash, issue to the Vendor 100,000 common shares of the Company within six months of the closing date ("Closing"), and incur exploration expenditures of \$100,000 before the first anniversary of Closing. The Company will earn an initial 80% interest in the Sherridon Property by incurring an additional \$900,000 exploration expenditures by the fourth anniversary of Closing. The Company may then earn a further 10% interest by incurring an additional \$1,000,000 of exploration expenditures by the seventh anniversary of Closing. Upon exercise of the option, the Vendor and the Company will form a joint venture and the Vendor will then fund project expenditure in proportion to its interest in the Sherridon Property. If the Vendor's interest is reduced to less than 10%, its interest will be converted into a 1.5% net smelter royalty that is purchasable by the Company for \$2,000,000 at any time.

Closing of the Sherridon Option Agreement is subject to completion of due diligence by the Company.