



*(formerly Gold Rush Cariboo Corp.)*

**Condensed Interim Consolidated Financial Statements**

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

(Expressed in Canadian dollars - Unaudited)

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

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

The accompanying unaudited condensed interim consolidated financial statements of Allied Copper Corp. (the “Company”) for the three months ended September 30, 2021 and 2020, have been prepared in accordance with the International Accounting Standard 34 - Interim Financial Reporting as issued by the International Accounting Standards Board and are the Company’s management.

No independent auditor has 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.

November 25, 2021



**ALLIED COPPER CORP. (formerly Gold Rush Cariboo Corp.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the three months ended September 30, 2021 and 2020  
(Expressed in Canadian dollars, except number of shares - Unaudited)

	Note	2021	2020
		\$	\$
<b>Operating expenses</b>			
Amortization expense on right-of-use asset	6	-	9,183
Consulting fees	12	120,473	30,000
Exploration and evaluation expenditures	4	88,413	-
Filing and transfer fees		27,419	2,247
General and administrative		3,002	2,583
Interest on convertible promissory note	9	11,250	11,399
Interest on lease liability	10,15	-	1,404
Investor relations		48,243	4,061
Marketing and promotion		84,946	-
Professional fees		63,109	8,236
Stock-based compensation	11(f)	163,973	-
<b>Loss before other items</b>		<b>610,828</b>	<b>69,113</b>
<b>Other expense</b>			
Loss on termination of lease	15	33,669	-
<b>Loss and comprehensive loss</b>		<b>644,497</b>	<b>69,113</b>
<b>Loss per share</b>			
Basic and diluted		0.04	0.03
<b>Weighted average common shares outstanding</b>			
Basic and diluted		18,308,748	2,642,082

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

**ALLIED COPPER CORP. (formerly Gold Rush Cariboo Corp.)**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian dollars, except number of shares - Unaudited)

	Note	Common shares	Share capital	Equity component of convertible promissory note	Warrant reserves	Share- based payments reserve	Contributed surplus	Deficit	Total shareholders' equity (deficiency)
		#	\$	\$	\$	\$	\$	\$	\$
<b>As at June 30, 2020</b>		2,642,082	7,342,715	984,700	1,170,761	453,754	2,697,043	(15,691,475)	(3,042,502)
Loss for the period		-	-	-	-	-	-	(69,113)	(69,113)
<b>As at September 30, 2020</b>		2,642,082	7,342,715	984,700	1,170,761	453,754	2,697,043	(15,760,588)	(3,111,615)
Exchange of special warrants	11(c)	7,333,333	1,268,848	-	643,999	-	-	-	1,912,847
Shares issued for private placement	11(c)	8,333,333	1,917,489	-	549,149	-	-	-	2,466,638
Expiry of warrants	11(e)	-	-	-	(1,170,761)	-	1,170,761	-	-
Cancellation of stock options	11(f)	-	-	-	-	(453,754)	453,754	-	-
Loss for the period		-	-	-	-	-	-	(895,929)	(895,929)
<b>As at June 30, 2021</b>		18,308,748	10,529,052	984,700	1,193,148	-	4,321,558	(16,656,517)	371,941
Stock-based compensation	11(f)	-	-	-	-	163,973	-	-	163,973
Loss for the period		-	-	-	-	-	-	(644,497)	(644,497)
<b>As at September 30, 2021</b>		<b>18,308,748</b>	<b>10,529,052</b>	<b>984,700</b>	<b>1,193,148</b>	<b>163,973</b>	<b>4,321,558</b>	<b>(17,301,014)</b>	<b>(108,583)</b>

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

**ALLIED COPPER CORP. (formerly Gold Rush Cariboo Corp.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the three months ended September 30, 2021 and 2020  
(Expressed in Canadian dollars - Unaudited)

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Loss for the period	<b>(644,497)</b>	(69,113)
Items not affecting cash		
Amortization expense on right-of-use asset	-	9,183
Interest expense on convertible promissory note	<b>11,250</b>	11,399
Stock-based compensation	<b>163,973</b>	-
Loss on termination of lease	<b>33,669</b>	-
Changes in non-cash working capital		
Goods and sales tax receivable	<b>(28,333)</b>	(6,324)
Prepaid expenses and deposits	<b>(1,227)</b>	-
Accounts payable and accrued liabilities	<b>(90,234)</b>	64,618
<b>Net cash (used in) provided by operating activities</b>	<b>(555,399)</b>	9,763
<b>FINANCING ACTIVITIES</b>		
Payment on lease termination	<b>(75,000)</b>	-
Principal lease liability payments	-	(7,518)
Interest paid on lease liability	-	(1,404)
<b>Net cash used in financing activities</b>	<b>(75,000)</b>	(8,922)
Net change in cash and restricted cash	<b>(630,399)</b>	841
Cash, beginning of period	<b>2,903,555</b>	7,547
<b>Cash, end of period</b>	<b>2,273,156</b>	8,388

**SUPPLEMENTAL CASH FLOW INFORMATION**

Income taxes paid in cash	-	-
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*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

**ALLIED COPPER CORP. (formerly Gold Rush Cariboo Corp.)**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2021

(Expressed in Canadian dollars, except where noted - Unaudited)

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

Allied Copper Corp. (formerly Gold Rush Cariboo Corp.) (the “Company”) is principally engaged in the acquisition and exploration of mineral properties in North America. The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain enough mineral deposits, such that their recovery would be economically viable. The Company trades on the TSX Venture Exchange under the symbol CPR. The address of the Company’s corporate office and principal place of business is 520 – 999 West Hastings Street, Vancouver, British Columbia, Canada V6C 2W2.

Subsequent to September 30, 2021, the Company completed the definitive agreement with 1269280 B.C. Ltd. through its wholly owned subsidiary 1303288 B.C. Ltd. (see Notes 4 and 18). Pursuant to the agreement 1269280 B.C. Ltd. will acquire control of the Company through a reverse takeover acquisition.

The Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties; however, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

On April 5, 2021, under Article of Amendment, the Company changed its name to Allied Copper Corp. Additionally, the Company consolidated its issued and outstanding common shares on the basis of 15 pre-consolidation common shares to 1 post consolidation common share. All information relating to basic and diluted loss per share, issued and outstanding common shares, and per share amounts in these consolidated financial statements have been adjusted retroactively to reflect the share consolidation.

These unaudited condensed interim consolidated financial statements (the “financial statements”) have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations and the Company has incurred significant losses to date resulting in a cumulative deficit of \$17,301,014 as at September 30, 2021 (June 30, 2021 - \$16,656,517). The recoverability of the carrying value of exploration properties and the Company’s continued existence is dependent upon preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company’s funding initiatives will continue to be successful, and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. As of September 30, 2021, the Company had current assets of \$2,811,954 (June 30, 2021 - \$3,412,793) to cover current liabilities of \$2,920,539 (June 30, 2021 - \$3,074,523). The Company has no proven history of performance, earnings or success. These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern over the next 12 months should it not be able to obtain the necessary financing to fund exploration programs and working capital requirements.

## 2. BASIS OF PRESENTATION

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. As such, these financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited annual consolidated financial statements for the years ended June 30, 2021, and 2020 (“annual financial statements”).

The financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 25, 2021.

### (b) Basis of presentation

These financial statements have been prepared on a historical cost basis except for those financial instruments which have been classified at fair value through profit or loss. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting. All dollar amounts presented are in Canadian dollars unless otherwise specified.

### (c) Functional and presentation currency

These financial statements are presented in Canadian dollars, the functional and presentation currency of the Company and its subsidiaries.

### (d) Basis of consolidation

Subsidiaries are entities controlled by the Company and are included in these financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly and indirectly, to govern the financial operating policies of an entity and be exposed to the variable returns from its activities

All intercompany balances, transactions, revenues and expenses have been eliminated on consolidation. These financial statements incorporate the accounts of the Allied Copper Corp. and the following subsidiaries:

Name of subsidiary	Country of incorporation	Percentage of ownership	Functional currency
Gold Rush Cariboo Inc.	Canada	100%	CAD
1303288 B.C. Ltd.	Canada	100%	CAD
Allied Nevada Inc.	USA	100%	CAD

### 3. SIGNIFICANT ACCOUNT POLICIES

(a) Estimates and critical judgements by management

The preparation of financial statements requires management to make judgements, estimates and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Management continually evaluates these judgements, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgements which may cause a material adjustment to the carrying amounts of assets and liabilities.

The areas which require management to make critical judgements include:

*Going concern*

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions 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. If the going concern assumption were not appropriate for the consolidated financial statements, then adjustments to the carrying value of assets and liabilities, the reported expenses and the consolidated statements of financial position would be necessary (see Note 1).

The areas which require management to make significant estimates and assumptions include:

*Common share purchase warrants*

The Company determines the fair value of share purchase warrants issued using the Black Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the warrant. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate.

*Deferred tax assets and liabilities*

Management judgment and estimates are required in assessing whether deferred tax assets and deferred tax liabilities are recognized in the consolidated statements of financial position. Judgments are made as to whether future taxable profits will be available in order to recognize deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty and changes in circumstances may alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statements of financial position and the benefit of other tax losses and temporary differences not yet recognized.

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 3 to the annual consolidated financial statements.

#### 4. DEFINITIVE AGREEMENT

On May 5, 2021, the Company entered into a definitive agreement with 1269280 B.C. Ltd. (“BCCo”) through its wholly owned subsidiary 1303288 B.C. Ltd. (“Subco”) whereby the Company will acquire all issued and outstanding shares of BCCo (the “Proposed Transaction”). BCCo’s sole asset is an option agreement with Goodspring Exploration LLC whereby BCCo has the option to earn 100% interest in the Silver King project in the State of Nevada. Under the definitive agreement, the Company will issue 6,691,000 common shares in the capital of the Company at a deemed price of \$0.30 per share to the shareholders of BCCo. The completion of the Proposed Transaction is subject to the satisfaction of certain conditions precedent, including:

- I. Receipt of all necessary consents, approvals and other authorizations of any regulatory authorities, shareholders or third parties has been obtained, including but not limited to the approval of the TSX Venture Exchange.
- II. The representations and warrants of the parties in the definitive agreement remaining accurate at and as of the closing date.
- III. The completion by BCCo of an equity financing for gross proceeds of a minimum of \$1,500,000 and a maximum of \$3,000,000 at an offering price of \$0.30 per subception receipt.

Subsequent to period end, on October 27, 2021, the Company completed the Proposed Transaction (see Note 18).

During the three months ended September 30, 2021, the Company incurred exploration and evaluation expenditures of \$88,413 related to the Silver King project (2020 - \$nil).

#### 5. PREPAID EXPENSES AND DEPOSITS

The Company’s prepaid expenses and deposits were comprised of the following as at September 30, 2021 and June 30, 2021:

	<b>September 30, 2021</b>	June 30, 2021
	\$	\$
Prepaid expenses	<b>168,125</b>	255,912
Prepaid insurance	<b>8,000</b>	12,000
Retainer deposit (Note 12)	<b>101,700</b>	101,700
Exploration deposits	<b>149,914</b>	56,900
Rent deposit	<b>6,300</b>	6,300
	<b>434,039</b>	432,812

## 6. PROPERTY, PLANT AND EQUIPMENT

	Construction vehicles	Mining equipment	Right-of-use asset (Note 10)	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance on June 30, 2020	1	1	107,131	107,133
Impairment	(1)	(1)	-	(2)
Balance June 30, 2021	-	-	107,131	107,131
Termination of lease	-	-	(107,131)	(107,131)
<b>Balance, September 30, 2021</b>	-	-	-	-
<b>Accumulated depreciation</b>				
Balance on June 30, 2020	-	-	(36,731)	(36,731)
Depreciation	-	-	(36,731)	(36,731)
Balance June 30, 2021	-	-	(73,462)	(73,462)
Termination of lease	-	-	73,462	73,462
<b>Balance, September 30, 2021</b>	-	-	-	-
<b>Carrying value</b>				
As at June 30, 2021	-	-	33,669	33,669
<b>As at September 30, 2021</b>	-	-	-	-

During the three months ended September 30, 2021, the Company recognised a loss on termination of lease of \$33,669 (2020 - \$nil) representing the derecognition of the right-of-use asset on settlement of the lease liability (Note 10).

## 7. MINING PROPERTY AND RIGHTS ACQUISITION COSTS

	Casa Berardi project	Horseshoe Bend project	Total
	\$	\$	\$
<b>As at September 30, 2021 and June 30, 2021</b>	<b>1</b>	<b>1</b>	<b>2</b>

As a result of inactivity in furthering the development of these projects along with no recognized revenue stream in the future as a result of the assets not meeting management's expectations in generating the expected future benefits the Casa Barardi project and Horseshoe Bend project were impaired during the year ended June 30, 2019.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at September 30, 2021 and June 30, 2021, the Company's accounts payable and accrued liabilities were composed of the following:

	September 30, 2021	June 30, 2021
	\$	\$
Accounts payable (Note 12)	482,690	581,953
Accrued liabilities	4,413	33,994
	<b>487,103</b>	<b>615,947</b>

## 9. CONVERTIBLE PROMISSORY NOTE

On September 4, 2017, Gold Rush Cariboo Inc. issued a convertible promissory note (the “Note”) in connection with the acquisition of the Horseshoe Bend project mining rights. The Note bears interest of 2% per annum calculated semi-annually and is convertible at \$6.00 per share. The Note originally matured on September 2, 2024 and was payable in certain installments. The fair value of the debt portion was estimated using a discounted cash flow model based on an expected life of seven years, timing of expected principal payments and a discount rate of 15%. The residual value of \$984,700 was allocated to equity. As a result of administrative delays pending the resolution of certain other matters related to the acquisition principal repayments during the year ended June 30, 2020 were not made resulting in the Note entering default and becoming due on demand.

There was no movement in the debt portion of the Note during the three months ended September 30, 2021 and year ended June 30, 2021.

During the three months ended September 30, 2021, the Company recorded interest expense of \$11,250 (2020 - \$11,399) related to the Note. As at September 30, 2021, the Company had interest payable of \$183,436 (June 30, 2021 - \$172,186) on the Note. Subsequent to period end, on October 29, 2021, the Company assigned the Note and recorded a gain through other items (see Note 17).

## 10. LEASE LIABILITY

The Company has one lease liability consisting of leased office space with a corresponding right-of-use asset (Note 6). The movement of the lease liability for the three months ended September 30, 2021 and year ended June 30, 2021 was as follows:

	<b>September 30, 2021</b>	June 30, 2021
	\$	\$
Balance, beginning of period	<b>36,390</b>	73,170
Lease payment on termination of lease	<b>(36,390)</b>	-
Lease payments	-	(41,304)
Interest	-	4,524
<b>Balance, end of period</b>	<b>-</b>	<b>36,390</b>

During the three months ended September 30, 2021, the Company settled a statement of claim related to the leased premises and subsequently terminated the lease. As a result of the settlement, the Company paid \$75,000 of which \$36,390 was applied to the lease liability and \$38,610 was applied to accounts payable against a provision record at June 30, 2021.

## 11. SHARE CAPITAL

On April 5, 2021, the common shares of the Company were consolidated on a basis of 15 pre-consolidation shares to 1 post-consolidation share, no fractional shares were issued. Accordingly, the Company has effected the share consolidation in these consolidated financial statements as if it had happened at the beginning of periods reported, and disclosed all share capital, warrant and stock option information respectively on a post consolidated basis.

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued and outstanding

As at September 30, 2021, 18,308,748 common shares were issued and outstanding (June 30, 2021 - 18,308,748).

(c) Share transactions

There were no share transactions during the three months ended September 30, 2021.

During the year ended June 30, 2021, the Company had the following share transactions:

On April 9, 2021, the Company exchanged 109,999,999 special warrants (Note 11(d)) into one-fifteenth of a unit. Each whole unit comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company for a period of three years from the date of issuance of the special warrants at an exercise price of \$0.30. As a result of the conversion a total of 7,333,333 shares and 7,333,319 common share purchase warrants were issued.

On conversion the gross proceeds of \$1,650,000 and the loss on debt settlement of \$274,875, net of \$12,028 share issuance costs raised for the special warrants were allocated \$1,268,848 to share capital and \$643,999 to warrant reserve based on their relative fair values. The fair value of shares issued was based on the stock price on conversion date. The fair value of the warrants was estimated using the Black-Scholes option pricing model, see Note 11(e) for assumptions used.

On April 29, 2021, the Company closed a private placement of 8,333,333 units at a price of \$0.30 units for gross proceeds of \$2,500,000. Each unit comprised of one common share and one-half common share purchase warrant (fractional warrants rounded down). Each whole common share purchase warrant entitles the holder thereof to purchase one common share of the Company for a period of two years at an exercise price of \$0.45 per common share.

The Company, may, however, accelerate the expiration date if the common shares of the Company exceeds \$0.90 for 20 consecutive trading days. A total of 8,333,333 common shares and 4,156,779 common share purchase warrants were issued as a result of the private placement. In connection to the private placement the Company paid cash commissions of \$16,380, share issuance costs of \$16,982, and issued 42,000 broker warrants at the same terms as the private placement, with an estimated fair value of \$12,490 using the Black-Scholes option pricing model, see Note 11(d) for assumptions. The gross proceeds, net of share issuance costs were allocated \$1,917,489 to share capital and \$549,149 to warrant reserve based on their relative fair values. The fair value of shares issued was based on the stock price on conversion date. The fair value of the warrants was estimated using the Black-Scholes option pricing model, see Note 11(e) for assumptions used.

**11. SHARE CAPITAL (continued)**

(d) Special warrants

In March 2021, the Company completed two non-brokered private placements through the issuance of 109,999,999 special warrants at a price of \$0.015 per special warrant for gross proceeds of \$1,650,000. Each special warrant is exchangeable, upon satisfaction of exercise conditions to one-fifteenth of a unit. Each whole unit consists of one common share and one common share purchase warrants. All the special warrants were exchanged upon satisfaction of the exercise conditions on April 9, 2021 (see Note 11(c)). \$458,125 of the private placements was non-cash and used to settle outstanding debt of the Company. As a result of the debt settled with special warrants the Company incurred a loss on debt settlement of \$274,875. The gross proceeds of \$1,650,000 and the loss on debt settlement was recorded to warrant reserves and subsequently allocated between share capital and warrant reserves on exchange.

(e) Share purchase warrants

A continuity of the Company's share purchase warrants is as follows:

	Warrants outstanding	Weighted average exercise price
	#	\$
Outstanding, June 30, 2020	295,133	7.50
Issued	11,532,098	0.35
Expired	(295,133)	7.50
<b>Outstanding, September 30, 2021 and June 30, 2021</b>	<b>11,532,098</b>	<b>0.35</b>

The Company's share purchase warrants outstanding and exercisable at September 30, 2021 and June 30, 2021 are as follows:

Expiry date	Exercise price	September 30,	June 30,
		2021	2021
	\$	#	#
April 30, 2023	0.45	4,198,779	4,198,779
March 31, 2024	0.30	7,333,319	7,333,319
<b>Total</b>		<b>11,532,098</b>	11,532,098
<b>Weighted average remaining contractual life</b>		<b>2.2 years</b>	2.4 years

(f) Stock options

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and a maximum term of five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares.

**ALLIED COPPER CORP. (formerly Gold Rush Cariboo Corp.)**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2021  
(Expressed in Canadian dollars, except where noted - Unaudited)

**11. SHARE CAPITAL (continued)**

A continuity of the Company's stock options is as follows:

	Stock options outstanding	Weighted average exercise price
	#	\$
Outstanding, June 30, 2020	246,667	2.830
Cancelled	(246,667)	2.830
Outstanding, June 30, 2021	-	-
Granted	775,000	0.405
<b>Outstanding September 30, 2021</b>	<b>775,000</b>	<b>0.405</b>

On August 18, 2021, the Company granted an aggregate of 775,000 stock options with a term of two years, vested immediately, and an exercise price of \$0.405 per share to certain directors, officers and consultants of the Company.

During the three months ended September 30, 2021, the Company recorded stock-based compensation expense of \$163,973 (2020 - \$nil) related to the vesting of stock options.

The fair value of warrants is estimated using the Black-Scholes option pricing model. The assumptions used during the three months ended September 30, 2021 and 2020 are as follows:

	2021	2020
Risk-free interest rate	0.40%	-
Expected life	2.00 years	-
Expected volatility	100%	-
Forfeiture rate	0.00%	-
Dividend rate	0.00%	-

The Company's stock options outstanding and exercisable at September 30, 2021 and June 30, 2021 are as follows:

Expiry date	Exercise price	September 30, 2021	June 30, 2021
	\$	#	#
August 18, 2023	0.405	775,000	-
Total		775,000	-
Weighted average remaining contractual life		1.9 years	-

**12. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company or its subsidiaries, directly or indirectly. Key management personnel include the Company's directors and executive officers.

**12. RELATED PARTY TRANSACTIONS (continued)**

The Company incurred expenses / (received recoveries) as result of transactions with directors and officers, or to companies associated with these individuals during the three months ended September 30, 2021 and 2020:

	2021	2020
	\$	\$
Consulting fees	<b>90,000</b>	30,000
Stock-based compensation	<b>116,368</b>	-
Rental recovery	-	(8,543)

As at September 30, 2021, \$33,209 (June 30, 2021 - \$25,334) was owing to companies with directors in common. These balances are non-interest bearing, payable on demand and included in accounts payable and accrued liabilities.

As at September 30, 2021, \$101,700 (June 30, 2021 - \$101,700) was held as a retainer deposit for CFO and consulting services.

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

(a) Fair value of financial instruments

As at September 30, 2021 and June 30, 2021, the Company's financial instruments consist of cash, goods and sales tax receivable, accounts payable and accrued liabilities, interest payable and convertible promissory note payable. Cash and goods and sales tax receivable are measured at amortized cost. Accounts payable and accrued liabilities, interest payable and convertible promissory note payable are measured at amortized cost.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value including their classification within a hierarchy the prioritized the inputs to fair value measurement. The three level of hierarchy are:

Level 1 – Quote prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

As at September 30, 2021, the Company believe that the carrying values of cash, sales tax receivable, accounts payable and accrued liabilities, interest payable and convertible promissory note payable approximate their fair values because of their nature and relatively short maturity dates or duration.

(b) Financial instruments risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board of Directors approves and monitors the risk management processes:

### **13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

*i. Credit risk*

Credit risk exposure primarily arises with respect to the Company's cash and receivables. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other receivables.

*ii. Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at September 30, 2021, the Company had cash of \$2,273,156 and a working capital deficiency of \$108,585 with total liabilities of \$2,920,539.

*iii. Market risk*

- a. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A change of 100 basis points in the interest rates would not be material to the financial statements.
- b. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables constant, an increase or a decrease of 10% of the U.S. dollar against the Canadian dollar, the net loss of the Company and the equity for the three months ended September 30, 2021 would have varied by a negligible amount.
- c. The Company had no hedging agreements in place with respect to foreign exchange rates.

### **14. CAPITAL MANAGEMENT**

The Company's objective when managing capital are:

- i.* to safeguard the Company's financial capacity and liquidity for future earning in order to continue to provide an appropriate return to shareholders and other stakeholders.
- ii.* To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.
- iii.* To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt, equity or similar instruments to reduce debt levels, or make adjustments to its capital expenditure program.

There were no changes in the Company's approach to capital management during the three months ended September 30, 2021 and capital management is consistent with the year ended June 30, 2021. The Company is not subject to any externally imposed capital requirements.

## 15. COMMITMENTS AND CONTINGENCIES

A summary of undiscounted liabilities and future operating commitments as at September 30, 2021, are as follows:

	Total	Within 1 year	2 - 5 years
	\$	\$	\$
<b>Maturity analysis of financial liabilities</b>			
Accounts payable and accrued liabilities	487,103	487,103	-
Interest payable	183,436	183,436	-
Convertible promissory note payable	2,250,000	2,250,000	-
<b>Total financial liabilities and commitments</b>	<b>2,920,539</b>	<b>2,920,539</b>	<b>-</b>

## 16. COMPARATIVE FIGURES

Certain prior year classifications have been changed to conform to the current year's presentation.

## 17. SUBSEQUENT EVENTS

On October 27 2021, the Company granted an aggregate of 1,325,000 stock options with a term of four years, and an exercise price of \$0.405 per share to certain directors, officers and consultants of the Company.

On October 27, 2021, the Company completed the Proposed Transaction (Note 4), whereby BCCo will acquire control of the Company. The transaction is expected to be accounted for as a reverse acquisition in accordance with IFRS 2 *Share based payments*. as the Company does not qualify as a business according to the definition in IFRS 3 *Business combinations*; rather it is treated as an issuance of shares by BCCo for the net assets of the Company, and any excess consideration shall be recorded as a listing expense by BCCo. After the completion of the Proposed Transaction, the Company had 38,075,752 common shares, 18,128,500 share purchase warrants and 2,100,000 stock options outstanding.

On October 29, 2021, the Company assigned the Note (see Note 9) to 2362516 Ontario Inc (the "Assignee"), whereby the Assignee assumes all liabilities of the Company associated with the Note. As a result of the assignment the Company realized a gain on assignment of \$2,437,186, comprising of the principal outstanding and accrued interest as at October 29, 2021.