

# SAVILLE RESOURCES INC.

## Financial Statements

For the Six Months Ended October 31, 2021

(Unaudited - Expressed in Canadian Dollars)

*The accompanying unaudited condensed interim financial statements of Saville Resources Inc. for the six months ended October 31, 2021 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.*

**Saville Resources Inc.**

Condensed Interim Statements of Financial Position

Expressed in Canadian Dollars

(Unaudited – prepared by management)

|   | October 31,<br>2021 | April 30,<br>2021   |
|---|---------------------|---------------------|
| <b>Assets</b>                                     |                     |                     |
| <b>Current</b>                                    |                     |                     |
| Cash  | \$ 187,368          | \$ 488,254          |
| Receivables (Note 6)                              | 119,836             | 2,750               |
| Marketable securities (Note 7)                    | 97,222              | 114,722             |
| Prepaid expenses                                  | 42,488              | 119,088             |
|   | <b>446,914</b>      | <b>724,814</b>      |
| <b>Exploration and evaluation assets (Note 8)</b> | <b>2,611,865</b>    | <b>1,578,048</b>    |
|   | <b>\$ 3,058,779</b> | <b>\$ 2,302,862</b> |
| <b>Liabilities</b>                                |                     |                     |
| <b>Current</b>                                    |                     |                     |
| Accounts payable and accrued liabilities          | \$ 411,119          | \$ 79,427           |
| Liability for flow-through shares (Note 15)       | -                   | 93,725              |
|   | <b>411,119</b>      | <b>173,152</b>      |
| <b>Loans payable (Note 9)</b>                     | <b>33,230</b>       | <b>30,691</b>       |
|   | <b>444,349</b>      | <b>203,843</b>      |
| <b>Equity</b>                                     |                     |                     |
| <b>Share capital (Note 10)</b>                    | <b>11,420,093</b>   | <b>10,887,659</b>   |
| <b>Contributed surplus (Note 10)</b>              | <b>440,515</b>      | <b>399,100</b>      |
| <b>Deficit</b>                                    | <b>(9,246,178)</b>  | <b>(9,187,740)</b>  |
|   | <b>2,614,430</b>    | <b>2,099,019</b>    |
|   | <b>\$ 3,058,779</b> | <b>\$ 2,302,862</b> |

The financial statements were approved by the Board of Directors on December 20, 2021 and were signed on its behalf by:

“Mike Hodge”  
President, Director

“Charn Deol”  
Director

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

**Saville Resources Inc.**

Condensed Interim Statements of Loss and Comprehensive Loss

For the six months ended October 31, 2021 and 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

|   | <b>Three Months Ended<br/>October 31,</b> |                   | <b>Six Months Ended<br/>October 31,</b> |                   |
|---|---|-------------------|---|-------------------|
|   | <b>2020</b>                               | <b>2019</b>       | <b>2020</b>                             | <b>2019</b>       |
| <b>Expenses</b>   |   |                   |   |                   |
| Administrative fees (Note 14)   | \$ 37,500                                 | \$ 37,500         | \$ 75,000                               | \$ 75,000         |
| Accretion (Note 9)  | 1,295                                     | 828               | 2,539                                   | 1,624             |
| Advertising and travel expenses (Note 14)                                       | 38,911                                    | 3,205             | 77,661                                  | 5,523             |
| Consulting fees and salaries (Note 11)  | 26,012                                    | 16,023            | 53,363                                  | 43,418            |
| Professional fees   | 547                                       | 2,573             | 1,082                                   | 2,837             |
| Transfer agent and filing fees  | 5,006                                     | 3,555             | 6,924                                   | 6,357             |
| Office and miscellaneous  | 1,870                                     | 2,617             | 3,544                                   | 4,976             |
|   | <b>111,141</b>                            | <b>66,301</b>     | <b>220,113</b>                          | <b>139,735</b>    |
| <b>Other items</b>  |   |                   |   |                   |
| Unrealized (gain) loss on marketable securities (Note 7)                        | 5,833                                     | 105,000           | 7,500                                   | (5,833)           |
| Part XII.6 tax  | -   | 3,879             | -                                       | 3,879             |
|   | <b>(109,707)</b>                          | <b>(109,707)</b>  | <b>330</b>                              | <b>330</b>        |
| <b>Net loss before income taxes</b>   | <b>116,974</b>                            | <b>175,180</b>    | <b>237,613</b>                          | <b>137,781</b>    |
| Deferred income tax recovery (Note 15)  | 116,562                                   | -                 | 179,175                                 | -                 |
| <b>Net Loss and Comprehensive Loss for the Period</b>                           | <b>412</b>                                | <b>175,180</b>    | <b>58,438</b>                           | <b>137,781</b>    |
| <b>Basic and Diluted Loss Per Share</b>   | <b>\$ 0.00</b>                            | <b>\$ 0.00</b>    | <b>\$ 0.00</b>                          | <b>\$ 0.00</b>    |
| <b>Weighted Average Number of Common Shares Outstanding – Basic and Diluted</b> | <b>91,971,567</b>                         | <b>63,415,400</b> | <b>85,874,743</b>                       | <b>63,415,400</b> |

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

**Saville Resources Inc.**

Condensed Interim Statements of Changes in Equity

For the six months ended October 31, 2021 and 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

|   | Number of<br>shares | Share<br>capital     | Contributed<br>surplus | Deficit               | Total               |
|---|---------------------|----------------------|------------------------|-----------------------|---------------------|
| <b>Balance, April 30, 2020</b>                  | <b>63,415,400</b>   | <b>\$ 10,275,619</b> | <b>\$ 337,020</b>      | <b>\$ (8,834,965)</b> | <b>\$ 1,777,674</b> |
| Net loss for the period                         | -                   | -                    | -                      | (137,781)             | (137,781)           |
| <b>Balance, October 31, 2020</b>                | <b>63,415,400</b>   | <b>\$ 10,275,619</b> | <b>\$ 337,020</b>      | <b>\$ (8,972,746)</b> | <b>\$ 1,639,893</b> |
|   | Number of<br>shares | Share<br>capital     | Contributed<br>surplus | Deficit               | Total               |
| <b>Balance, April 30, 2021</b>                  | <b>79,474,900</b>   | <b>\$ 10,887,659</b> | <b>\$ 399,100</b>      | <b>\$ (9,187,740)</b> | <b>\$ 2,099,019</b> |
| Shares issued for cash (Note 10)                | <b>6,800,000</b>    | <b>306,000</b>       | <b>34,000</b>          | -                     | 340,000             |
| Shares issued for cash – flow through (Note 10) | <b>5,696,667</b>    | <b>256,350</b>       | -                      | -                     | 256,350             |
| Share issuance costs                            | -                   | <b>(29,916)</b>      | <b>7,415</b>           | -                     | (22,501)            |
| Net loss for the period                         | -                   | -                    | -                      | (58,438)              | (58,438)            |
| <b>Balance, October 31, 2021</b>                | <b>91,971,567</b>   | <b>\$ 11,420,093</b> | <b>\$ 440,515</b>      | <b>\$ (9,246,178)</b> | <b>\$ 2,614,430</b> |

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

## Saville Resources Inc.

Condensed Interim Statements of Cash Flows  
For the six months ended October 31, 2021 and 2020  
Expressed in Canadian Dollars  
(Unaudited – prepared by management)

|   | 2021              | 2020             |
|---|-------------------|------------------|
| <b>Operating Activities</b>                           |                   |                  |
| Net loss for the period                               | \$ (58,438)       | \$ (137,781)     |
| Items not involving cash                              |                   |                  |
| Unrealized loss (gain) on marketable securities       | 17,500            | (5,833)          |
| Accretion   | 2,539             | 1,624            |
| Deferred income tax (recovery)                        | (179,175)         | -                |
| Changes in non-cash working capital                   |                   |                  |
| Taxes and other receivables                           | (134,055)         | (228)            |
| Prepaid expenses                                      | 76,600            | 557              |
| Accounts payable and accrued liabilities              | (7,679)           | 62,697           |
| <b>Cash Flows From (Used in) Operating Activities</b> | <b>(282,708)</b>  | <b>78,964</b>    |
| <b>Investing Activities</b>                           |                   |                  |
| Exploration and evaluation costs                      | (677,477)         | (8,753)          |
| <b>Cash Flows (Used in) Investing Activities</b>      | <b>(677,477)</b>  | <b>(8,753)</b>   |
| <b>Financing Activities</b>                           |                   |                  |
| Shares issued for cash, net of share issuance costs   | 659,299           | -                |
| <b>Cash Flows From Financing Activities</b>           | <b>659,299</b>    | <b>-</b>         |
| <b>Net Change in Cash and Cash Equivalents</b>        | <b>(300,886)</b>  | <b>(87,717)</b>  |
| <b>Cash and Cash Equivalents, Beginning of Period</b> | <b>488,254</b>    | <b>133,350</b>   |
| <b>Cash and Cash Equivalents, End of Period</b>       | <b>\$ 187,368</b> | <b>\$ 45,633</b> |
| <b>Supplemental Cash Flows Information</b>            |                   |                  |
| Interest paid   | \$ -              | \$ -             |
| Income taxes paid                                     | \$ -              | \$ -             |
| Shares issued for resource property interests         | \$ -              | \$ -             |

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

# Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended October 31, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

## 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Saville Resources Inc. (“Saville” or “the Company”) is a publicly listed company incorporated in British Columbia with limited liability under the legislation of the Province of British Columbia and its shares are listed on the TSX Venture Exchange under the symbol “SRE” and the Frankfurt Stock Exchange under the symbol “SOJ”. The Company is principally engaged in the acquisition, exploration, development and mining of mineral properties.

The head office, principal address and registered and records office of the Company are located at 1450, 789 West Pender Street, Vancouver, BC, Canada, V6C 1H2.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its investments contains mineral reserves that are economically recoverable. The Company’s continuing operations and the underlying value and recoverability of the amounts shown for the investment in the mineral properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the investment in the mineral properties, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the investment in the mineral properties.

## 2. GOING CONCERN

The Company’s ability to continue as a going concern is dependent upon the Company’s ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests and the attainment of profitable mining operations. Management is actively engaged in the review and due diligence of opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. The conditions described above may cast significant doubt as to the appropriateness of the use of the going concern assumption.

Management of the Company does not expect that cash flows for the Company’s operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, there is a material uncertainty that may cast significant doubt on Company’s ability to continue as going concern. The Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of planned exploration and other programs. As at October 31, 2021 and April 30, 2021, the Company reported the following:

|                                  | October 31, 2021 | April 30, 2021 |
|----------------------------------|------------------|----------------|
| Net income (loss) for the period | \$(58,438)       | \$(352,775)    |
| Deficit                          | \$9,246,178      | \$9,187,740    |
| Working capital                  | \$35,795         | \$551,662      |

Accordingly, these financial statements do not give effect to adjustments, which could be material, to the carrying values and classification of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods. The Company is monitoring the business environment as a result to ensure minimal disruption to business operations. The Company continues to be in operations as of the current date.

# Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended October 31, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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## 3. BASIS OF PREPARATION

### a) Statement of compliance

These statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting (“IAS 34”).

### b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss (“FVTPL”), which are stated at their fair value.

### c) Approval of the financial statements

The financial statements of the Company for the six months ended October 31, 2021 were authorized for issue in accordance with a resolution of the directors on December 20, 2021.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the audited financial statements for the year ended April 30, 2021. Therefore, these condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended April 30, 2021.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments and estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amount recognized in the financial statements.

### a) Critical judgments in applying accounting policies

#### Going concern assumption

These financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company’s ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast substantial doubt upon the soundness of this assumption. Refer to note 2 for more details.

#### Exploration and evaluation assets

The Company makes certain judgements and assumptions regarding indicators of impairment and the recoverability of the carrying values of exploration and evaluation assets. Management has assessed for impairment indicators for the Company’s properties and has concluded that no indicators of impairment occur as at October 31, 2021 and April 30, 2021.

## Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended October 31, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

#### b) Key sources of estimation uncertainty

##### Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

##### Fair value of share-based payment

Management measures the fair value of equity-settled share-based transactions with officers, directors and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses Black-Scholes option pricing model. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Such assumptions are inherently uncertain and changes in these assumptions affect the fair value estimates.

##### Interest rate on government loan

The government loan is measured at fair value based on management's best estimate of the effective interest rate at initial recognition. The fair value is also based on the Company's estimate that the amount will be fully repaid by December 31, 2022.

### 6. RECEIVABLES

|                        | October 31,<br>2021 | April 30,<br>2021 |
|------------------------|---------------------|-------------------|
| GST receivable         | \$ 38,486           | \$ 1,700          |
| QST receivable         | 81,350              | -                 |
| Refund for overpayment | -                   | 1,050             |
| Total                  | \$ 119,836          | \$ 2,750          |

### 7. MARKETABLE SECURITIES

During the year ended April 30, 2020, the Company received 388,888 shares of Ximen Mining Corp. in connection with the sale of the Bud Property. As at October 31, 2021, the Company holds 388,888 shares (April 30, 2021 - 388,888) with a fair market value of \$97,222, or \$0.25 per share. During the six months ended October 31, 2021, the Company recorded an unrealized loss on the shares of \$17,500 (October 31, 2020 - \$5,833 gain).

## Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended October 31, 2021

Expressed in Canadian Dollars

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### 8. EXPLORATION AND EVALUATION ASSETS

The following is a description of the Company's most significant property interests and related spending commitments:

|                                     |    | Niobium<br>Claim Group<br>Property |    | Covette<br>Property |    | Total     |
|-------------------------------------|----|------------------------------------|----|---------------------|----|-----------|
| Balance, April 30, 2020             | \$ | 1,262,614                          | \$ | 324,127             | \$ | 1,586,741 |
| Assays and analytical               |    | 5,405                              |    | -                   |    | 5,405     |
| Field supplies and rentals          |    | 3,850                              |    | -                   |    | 3,850     |
| Geological expenses                 |    | 10,993                             |    | -                   |    | 10,993    |
| Travel and accommodation            |    | 84                                 |    | -                   |    | 84        |
| Total property costs for the year   |    | 20,332                             |    | -                   |    | 20,332    |
| Less: Mining tax credits received   |    | (29,025)                           |    | -                   |    | (29,025)  |
| Balance, April 30, 2021             | \$ | 1,253,921                          | \$ | 324,127             | \$ | 1,578,048 |
| Assays and analytical               |    | 21,176                             |    | -                   |    | 21,176    |
| Drilling                            |    | 279,985                            |    | -                   |    | 279,985   |
| Field supplies and rentals          |    | 169,745                            |    | -                   |    | 169,745   |
| Geological expenses                 |    | 236,934                            |    | -                   |    | 236,934   |
| Permitting                          |    | 418                                |    | -                   |    | 418       |
| Travel and accommodation            |    | 325,559                            |    | -                   |    | 325,559   |
| Total property costs for the period |    | 1,033,817                          |    | -                   |    | 1,033,817 |
| Balance, October 31, 2021           | \$ | 2,287,738                          | \$ | 324,127             | \$ | 2,611,865 |

#### Niobium Claim Group Property

On January 11, 2018, the Company entered into an exploration earn-in agreement with Commerce Resources Corp. ("Commerce") on the Niobium Claim Group Property wholly owned by Commerce in Quebec. Under the exploration earn-in agreement, the Company has agreed to perform \$5 million of work on the Niobium Claim Group Property over a five-year period to earn a 75% interest in the claims. The Company made a payment of \$25,000 upon signing and a payment of \$225,000 following TSX Venture Exchange approval on October 11, 2018. Commerce will retain a 2% Net Smelter Royalty (NSR) on production from some of the claims with a 1% NSR buyback for \$1 million, and a 1% NSR on the claims that are already subject to royalties.

#### Covette Property

On November 27, 2017, the Company entered into an agreement with Zimtu Capital Corp. ("Zimtu") to acquire a 100% interest in and to the Covette Property, located in the James Bay Region of Quebec. The Covette Property is located approximately 190 km east of Raddison and 10 km north of the all-weather Trans-Taiga road and adjacent LG-3 transmission line. In exchange for 100% of the right, title, and interest in and to the Covette Property, consisting of 65 mineral claims, the Company paid Zimtu \$350,000. This agreement was accepted by the TSX Venture Exchange on June 28, 2018. On February 20, 2019, the Company entered into an option agreement (the "Option Agreement") with Astorius Resources Ltd. ("Astorius") to sell its 100% interest in the Covette Property, located in the James Bay Region in the Province of Quebec. Under the terms of the Option Agreement, Astorius will acquire a 100% interest and rights in the property by paying an aggregate of \$1,250,000 in cash (\$25,000 received during the year ended April 30, 2019 and \$25,000 received during the year ended April 30, 2020), payable over 36 months of signing the agreement. A 2% Net Smelter Return ("NSR") is included in the Option Agreement payable to the Company. Astorius must spend a minimum of \$300,000 qualified exploration and development expenditures by February 5, 2021. The agreement was terminated by Astorius on January 21, 2020.

## Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended October 31, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### 9. LOANS PAYABLE

On April 30, 2020, the Company was approved and received a \$40,000 line of credit (“CEBA LOC”) with Bank of Montreal under the Canada Emergency Business Account (“CEBA”) program funded by the Government of Canada. The CEBA LOC is non-interest bearing, can be repaid at any time without penalty.

On January 1, 2021, the outstanding balance of the CEBA LOC automatically converted to a 2-year interest free term loan (“CEBA Term Loan”). The CEBA Term Loan may be repaid at any time without notice or the payment of any penalty. If 75% of the CEBA Term Loan at the CEBA Term Loan Commencement Date is repaid on or before December 31, 2022, the repayment of the remaining 25% of such CEBA Term Loan shall be forgiven. If on December 31, 2022, the Company exercises the option for a 3-year term extension, 5% interest during the term extension period will apply on any balance remaining.

The Company has recorded the fair value of \$19,636 as at April 30, 2020, the initial recognition date of the CEBA LOC using an effective interest rate of 16%. The difference of \$20,364 between the fair value and the total amount of CEBA LOC received was recorded as a gain on government grant for the year ended April 30, 2020. During the six months ended October 31, 2021, the Company recorded the interest accretion expense of \$1,904 (October 31, 2020 - \$1,624).

On December 31, 2020, the Company received a second \$20,000 line of credit (“CEBA LOC”) with Bank of Montreal under the Canada Emergency Business Account (“CEBA”) program funded by the Government of Canada. The CEBA LOC is non-interest bearing, can be repaid at any time without penalty, with the same terms as the loan received on April 30, 2020. The Company has recorded the fair value of \$7,277 as at December 31, 2020, the initial recognition date of the CEBA LOC using an effective interest rate of 16%. The difference of \$12,724 between the fair value and the total amount of CEBA LOC received was recorded as a gain on government grant during the year ended April 30, 2021. During the six months ended October 31, 2021, the Company recorded the interest accretion expense of \$635 (October 31, 2020 - \$nil).

### 10. SHARE CAPITAL

- (a) Authorized - Unlimited number of common shares without par value
- (b) Issued - As of October 31, 2021, there are 91,971,567 common shares issued and outstanding (April 30, 2021 – 79,474,900).

#### **During the six months ended October 31, 2021:**

On June 24, 2021, the Company completed a non-brokered private placement, issuing 6,800,000 non flow-through units (each, a “NFT Unit”) at a price of \$0.05 per NFT Share for gross proceeds of \$340,000. Each NFT Unit consists of one common share of the Company (each, an “NFT Share”) and one non-transferable common share purchase warrant (each, an “NFT Warrant”), with each NFT Warrant entitling the holder to purchase one NFT Share for a period of three years following the closing of the Offering (the “Closing”) at an exercise price of \$0.075 per NFT Share. The Company paid a cash finder’s fee of an aggregate of \$13,300 and issued an aggregate of 257,833 broker warrants to certain finders. Each broker warrant is exercisable into one non-flow through common share at an exercise price of \$0.075 per non-flow through common share until June 24, 2024. The securities issued under the Offering are subject to a statutory hold period expiring on October 25, 2021

On June 24, 2021, the Company completed a non-brokered private placement, issuing 5,696,667 flow-through shares at a price of \$0.06 per FT share for gross proceeds of \$341,800. Each FT Share was issued on a “flow-through” basis pursuant to the Income Tax Act (Canada). The securities issued under the Offering are subject to a statutory hold period expiring on October 25, 2021.

## Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended October 31, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 10. SHARE CAPITAL – Continued

#### During the year ended April 30, 2021:

On December 23, 2020, the Company completed a non-brokered private placement (the “Offering”), issuing 6,014,500 non flow through units (each, a “NFT Unit”) at a price of \$0.05 per NFT Unit for gross proceeds of \$300,725. Each NFT Unit consisted of one common share of the Company (each, an “NFT Share”) and one non-transferable common share purchase warrant (each, an “NFT Warrant”), with each NFT Warrant entitling the holder to purchase one NFT Share for a period of three years following the closing of the Offering (the “Closing”) at an exercise price of \$0.075 per NFT Share in the first year and at an exercise price of \$0.15 per NFT Share for the remaining two years. The securities issued under the Offering are subject to a statutory hold period expiring on April 24, 2021. The value allocated to the warrants was \$60,145. A total of 8,700,000 flow-through shares (each, a “FT Share”) were issued at a price of \$0.05 per FT Share for gross proceeds of \$435,000. Each FT Share was issued on a “flow-through” basis pursuant to the Income Tax Act (Canada). The securities issued under the Offering are subject to a statutory hold period expiring on April 24, 2021. The Company paid cash finder’s fees of \$19,600 to a certain finder.

On December 31, 2020, the Company completed a second and final tranche of the Offering, issuing a total of 1,345,000 FT Shares for gross proceeds of \$67,250. Each FT Share was issued on a “flow-through” basis pursuant to the Income Tax Act (Canada). The securities issued under the Offering are subject to a statutory hold period expiring on April 24, 2021. The Company paid cash finder’s fees of \$4,580 to a certain finder. An additional \$10,950 was incurred in share issuance costs related to the filing costs and legal fees for the Offering.

#### (c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

|                                  | October 31, 2021   |                | April 30, 2021     |                |
|----------------------------------|--------------------|----------------|--------------------|----------------|
|                                  | Number of Warrants | Exercise Price | Number of Warrants | Exercise Price |
| Outstanding, beginning of period | 6,196,100          | \$0.08         | 18,980,020         | \$0.10         |
| Granted                          | 7,057,833          | \$0.075        | 6,196,100          | \$0.075**      |
| Expired                          | -                  | -              | (18,890,000)       | \$0.10         |
| Outstanding, end of period       | 13,253,933         | \$0.075        | 6,196,100          | \$0.075**      |

The following warrants were outstanding and exercisable as at October 31, 2021:

| Expiry Date        | Exercise Price | Number of Warrants Outstanding and Exercisable |
|--------------------|----------------|--|
| February 4, 2022   | \$0.10         | 90,000   |
| December 31, 2023* | \$0.075**      | 91,600   |
| December 23, 2023  | \$0.075**      | 6,014,500                                      |
| June 24, 2024      | \$0.075        | 6,800,000                                      |
| June 24, 2024*     | \$0.075        | 257,833  |
| <b>Total</b>       |                | <b>13,253,933</b>                              |

\*indicates broker warrants

\*\*price is \$0.075 in first year and \$0.15 in remaining 2 years

## Saville Resources Inc.

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### 10. SHARE CAPITAL – Continued

#### (d) Options

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares of the Company, being 6,341,540 to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the TSX Venture Exchange. The expiry date for each option should be for a maximum term of five years. Options granted to consultants not engaged in investor relations activities are granted for past services and vest immediately. Options granted to investor relations consultants vest according to TSX Venture Exchange policy. There are currently 5,225,000 (April 30, 2021 – 5,225,000) stock options outstanding.

On February 6, 2020, the Company granted 5,225,000 stock options to certain directors, officers, employees and consultants of the Company. All options vest immediately upon the grant date and are exercisable for 5 years at a price of \$0.05 per common share.

The fair value of each option granted was calculated using the Black-Scholes pricing model assuming a risk-free interest rate of 1.39%, a dividend yield of nil, an expected volatility of 170.37% and an average expected life of 5 years. The share-based compensation related to 5,225,000 stock options granted has been determined to be \$196,217 and recorded in the statements of loss and comprehensive loss for the year ended April 30, 2020.

Option transactions and the number of options outstanding and exercisable are summarized as follows:

|                                  | October 31, 2021  |                | April 30, 2021    |                |
|----------------------------------|-------------------|----------------|-------------------|----------------|
|                                  | Number of Options | Exercise Price | Number of Options | Exercise Price |
| Outstanding, beginning of period | 5,225,000         | \$0.05         | 5,225,000         | \$0.05         |
| Granted                          | -                 | -              | -                 | -              |
| Outstanding, end of period       | 5,225,000         | \$0.05         | 5,225,000         | \$0.05         |

The following options were outstanding and exercisable as October 31, 2021:

| Expiry Date      | Exercise Price | Number of Options Outstanding and Exercisable |
|------------------|----------------|---|
| February 6, 2025 | \$0.05         | 5,225,000                                     |

### 11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company incurred the following transactions during the six months ended October 31, 2021 and 2020:

| Key Management Compensation  | 2021      | 2020      |
|------------------------------|-----------|-----------|
| Salaries and consulting fees | \$ 48,000 | \$ 48,000 |

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As at October 31, 2021 and April 30, 2021, there was \$nil due from (to) the related parties of the Company.

# Saville Resources Inc.

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## 12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to meet its daily operating expenses. 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six months ended October 31, 2021 or the year ended April 30, 2021. The Company is not subject to externally imposed capital requirements.

## 13. FINANCIAL INSTRUMENTS

### Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

At October 31, 2021 and April 30, 2021, the Company's marketable securities were measured at FVTPL and is using Level 1 inputs.

The Company's other financial assets and liabilities measured at amortized cost, including cash, receivables (exclude tax receivables) and accounts payable and accrued liabilities, the fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The fair value of the Company's loan payable as at October 31, 2021 and April 30, 2021, the initial recognition date, is using Level 2 inputs.

The Company is exposed to a variety of financial instrument related risks. 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. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient working capital to fund its ongoing operating expenditures, after taking into account cash flows from operations and the Company's holdings of cash. As at October 31, 2021, the Company had working capital of \$35,795 (April 30, 2021 - \$551,662).

## 14. COMMITMENTS

On June 1, 2017, the Company entered into a Management & Administration Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"). Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, at a rate of \$12,500 per month. The Agreement has been continually renewed each year. The agreement expiring November 30, 2021 was renewed on December 1, 2021 for a further twelve months.

## Saville Resources Inc.

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#### 14. COMMITMENTS - continued

On December 15, 2020, the Company signed an agreement with Zimtu Capital Corp. whereas Zimtu will provide services under the ZimtuADVANTAGE program. The Company paid \$140,000 up front for the initial 12-month term and expenses it on a monthly basis.

#### 15. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

On December 23, 2020, the Company issued 8,700,000 common shares on a “flow-through” basis at a price of \$0.05 per Share for gross proceeds of \$435,000(Note 10(b)). At October 31, 2021, the Company has incurred \$435,000 qualified expenditures. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2020 and the expenditures will be incurred prior to December 31, 2022, as all flow through expenditure spending has been extended by one year due to Covid-19.

On December 31, 2020, the Company issued 1,345,000 common shares on a “flow-through” basis at a price of \$0.05 per Share for gross proceeds of \$67,250(Note 10(b)). At October 31, 2021, the Company has incurred \$67,250 qualified expenditures. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2020 and the expenditures will be incurred prior to December 31, 2022, as all flow through expenditure spending has been extended by one year due to Covid-19.

On June 24, 2021, the Company issued 5,696,667 common shares on a “flow-through” basis at a price of \$0.06 per Share for gross proceeds of \$341,800 (Note 10(b)). At October 31, 2021, the Company has incurred \$341,800 qualified expenditures. The flow-through proceeds will be renounced as of December 31, 2021 and the expenditures will be incurred prior to December 31, 2022.

|   | Issued on<br>December 23,<br>2020 | Issued on<br>December 31,<br>2020 | Issued on<br>June 24,<br>2021 | Total     |
|---|-----------------------------------|-----------------------------------|-------------------------------|-----------|
| <b>Balance, April 30, 2020</b>                                  | \$ -                              | \$ -                              | \$ -                          | \$ -      |
| Liability incurred on flow-through shares issued                | 87,000                            | 6,725                             | -                             | 93,725    |
| Settlement of flow-through share liability on incurred expenses | -                                 | -                                 | -                             | -         |
| <b>Balance, April 30, 2021</b>                                  | \$ 87,000                         | \$ 6,725                          | \$ -                          | \$ 93,725 |
| Liability incurred on flow-through shares issued                | -                                 | -                                 | 85,450                        | 85,450    |
| Settlement of flow-through share liability on incurred expenses | (87,000)                          | (6,725)                           | (85,450)                      | (179,175) |
| <b>Balance, October 31, 2021</b>                                | \$ -                              | \$ -                              | \$ -                          | \$ -      |

#### 16. GOVERNMENT GRANT

During the year ended April 30, 2021, the Company received \$27,342 in Innovation Assistance Program funding from NRC IRAP, which was introduced in response to the COVID – 19 pandemic, providing eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees during prescribed claim periods, as a reduction in the related wage expenses.

## **Saville Resources Inc.**

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### **17. SUBSEQUENT EVENTS**

On December 17, 2021, the Company announced a non-brokered private placement consisting of the issuance of: (i) up to 8,000,000 units (each, an “NFT Unit”) at a price of \$0.05 per NFT Unit for gross proceeds of up to \$400,000 (the “NFT Offering”), and (ii) up to 12,000,000 shares (each, an “FT Share”) at a price of \$0.05 per FT Share for gross proceeds of up to \$600,000 (the “FT Offering” and, together with the NFT Offering, the “Offering”). Insiders may participate in the NFT Offering. Each NFT Unit will consist of one common share of the Company (each, an “NFT Share”) and one non-transferable common share purchase warrant (each, an “NFT Warrant”), with each NFT Warrant entitling the holder to purchase one NFT Share for a period of three years following the closing of the Offering (the “Closing”) at an exercise price of \$0.075 per NFT Share. Each FT Share will be issued on a “flow-through” basis pursuant to the *Income Tax Act* (Canada) (each, an “FT Share”).

Finders’ fees may be payable in connection with the Offering in accordance with the policies of the TSX Venture Exchange (the “Exchange”). All securities issued in connection with the Offering will be subject to a statutory hold period expiring four months and one day after closing of the Offering. Completion of the Offering is subject to the approval of the Exchange. The aggregate gross proceeds from the sale of the NFT Offering will be used for general working capital. The aggregate gross proceeds from the sale of the FT Offering will be used for exploration and development of the Company’s Niobium Claim Group Property in Quebec.