



Brigadier Gold Limited

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2021 AND 2020**

**(Expressed in Canadian Dollars)
(Unaudited)**

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED 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 interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Brigadier Gold Limited. (the "Company") for the nine months ended September 30, 2021, have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

BRIGADIER GOLD LIMITED.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)
(Unaudited)

| | SEPTEMBER 30 2021 | DECEMBER 31 2020 |
|--|----------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 1,064,223 | \$ 1,373,008 |
| Restricted cash (Note 3) | 28,750 | 28,750 |
| Receivables | 5,816 | 9,260 |
| Prepaid expenses | 17,606 | 87,706 |
| Exploration advances (Note 7) | 364,195 | 115,489 |
| Convertible note receivable (Note 4) | 1 | 1 |
| | <u>1,480,591</u> | <u>1,614,214</u> |
| Equipment (Note 5) | 19,793 | 27,884 |
| Investments (Note 6) | - | 22,050 |
| | <u>-</u> | <u>22,050</u> |
| Total Assets | \$ 1,500,384 | \$ 1,664,148 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities (Notes 4 & 10) | \$ 100,755 | \$ 87,965 |
| | <u>100,755</u> | <u>87,965</u> |
| Total Liabilities | 100,755 | 87,965 |
| SHAREHOLDERS' EQUITY | | |
| Share Capital (Note 8) | 15,650,612 | 14,076,105 |
| Warrant Reserve | 1,752,864 | 1,454,036 |
| Contributed Surplus | 6,994,014 | 5,876,253 |
| Deficit | (22,997,861) | (19,830,211) |
| Total Equity | 1,399,629 | 1,576,183 |
| Total Liabilities and Shareholders' Equity | \$ 1,500,384 | \$ 1,664,148 |

Nature of operations and Going Concern (Note 1)
Commitments (Note 14)

The financial statements were approved and authorized for issue by the Board of Directors on November 29, 2021. They were signed on the Company's behalf by:

"Robert Birmingham"

Director

"Garry Clark"

Director

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

BRIGADIER GOLD LIMITED.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)
(Unaudited)

| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|-------------------------------------|-----------------------|------------------------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Expenses | | | | |
| Consulting and management fees (Note 10) | \$ 85,401 | \$ 204,494 | \$ 273,232 | \$ 311,947 |
| Exploration and evaluation expenses (Note 7) | 50,822 | 568,354 | 1,011,421 | 618,854 |
| Foreign exchange loss (gain) | 317 | (848) | 9,781 | (87) |
| General and administration (Note 10) | 24,072 | 26,660 | 94,580 | 82,280 |
| Investor relations filing and transfer fees | 2,665 | 32,584 | 21,586 | 53,553 |
| Marketing | 47,034 | 703,548 | 592,010 | 703,548 |
| Professional fees (Note 10) | 3,857 | 62,556 | 47,471 | 115,534 |
| Share-based compensation (Note 9 and 10) | 157,262 | 98,846 | 1,117,761 | 98,846 |
| | \$ (371,430) | \$ (1,696,194) | \$ (3,167,842) | \$ (1,984,475) |
| Change in fair value of investments (Note 6) | - | 2,400 | (5,550) | 2,400 |
| Gain on sale of investment (Note 6) | - | - | 5,742 | - |
| Loss and Comprehensive Loss for the Period | \$ (371,430) | \$ (1,693,794) | \$ (3,167,650) | \$ (1,982,075) |
| Loss Per Share, Basic and diluted | \$ (0.00) | \$ (0.03) | \$ (0.04) | \$ (0.05) |
| Weighted Average Number of Common Shares Outstanding | 77,380,454 | 55,041,058 | 71,209,356 | 40,185,579 |

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

BRIGADIER GOLD LIMITED.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Expressed in Canadian Dollars) (Unaudited)

| | NINE MONTHS ENDED SEPTEMBER 30 | |
|---|---|---------------------|
| | 2021 | 2020 |
| Cash Provided By (Used In): | | |
| Operating Activities | | |
| Loss for the period | \$ (3,167,650) | \$ (1,982,075) |
| Items not affecting cash | | |
| Change in fair value of investments | 5,550 | (2,400) |
| Depreciation of exploration equipment | 8,091 | - |
| Gain on sale of investment | (5,742) | |
| Share-based compensation | 1,117,761 | 98,846 |
| Shares issued pursuant to marketing agreement | 100,000 | - |
| Shares issued for exploration and evaluation asset | 45,375 | 30,846 |
| Net changes in non-cash operating working capital items: | | |
| Prepaid expenses and receivables | 73,544 | (92,158) |
| Exploration advances | (248,706) | - |
| Accounts payable and accrued liabilities | 12,790 | (35,387) |
| | (2,058,987) | (1,982,328) |
| Investing Activities | | |
| Proceeds from sale of investment | 22,242 | - |
| | 22,242 | - |
| Financing Activities | | |
| Proceeds from issuance of units, net of issue costs | 951,960 | 3,967,500 |
| Proceeds from exercise of warrants | 776,000 | - |
| Share subscriptions received | - | 40,000 |
| | 1,727,960 | 4,007,500 |
| Change In Cash | (308,785) | 2,025,172 |
| Cash, Beginning of Period | 1,373,008 | 250,037 |
| Cash, End of Period | \$ 1,064,223 | \$ 2,275,209 |
| Supplemental cash flow information | | |
| Interest Paid | \$ - | \$ - |
| Income Tax Paid | \$ - | \$ - |
| Non-cash transactions | | |
| Transfer to share capital from warrants on exercise of warrants | \$ 81,872 | \$ - |

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

BRIGADIER GOLD LIMITED.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(Expressed in Canadian Dollars)
(Unaudited)

| | SHARE CAPITAL | | SHARE SUBSCRIPTIONS RECEIVED | WARRANT RESERVE | CONTRIBUTED SURPLUS | DEFICIT | TOTAL EQUITY |
|---|-------------------|----------------------|------------------------------------|---------------------|------------------------|------------------------|---------------------|
| | SHARES | AMOUNT | | | | | |
| Balance January 1, 2020 | 30,582,810 | \$ 10,886,795 | \$ - | \$ - | \$ 4,964,920 | \$ (15,679,455) | \$ 172,260 |
| Issuance of common shares in private placement | 14,000,000 | 700,000 | - | - | - | - | 700,000 |
| Share issuance costs | - | (27,110) | - | - | - | - | (27,110) |
| Fair value of warrants issued in private placement | - | (152,250) | - | 152,250 | - | - | - |
| Issuance of common shares for exploration and evaluation asset | 500,000 | 25,000 | - | - | - | - | 25,000 |
| Issuance of common shares in private placement | 13,461,538 | 3,500,000 | - | - | - | - | 3,500,000 |
| Share issuance costs | - | (205,390) | - | - | - | - | (205,390) |
| Fair value of warrants issued in private placement | - | (1,354,850) | - | 1,354,850 | - | - | - |
| Issuance of common shares pursuant to exploration and evaluation property finder's fees agreement | 15,800 | 5,846 | - | - | - | - | 5,846 |
| Share based compensation arising on stock option grants | - | - | - | - | 84,758 | - | 84,758 |
| Share based compensation arising on grant of restricted share units | - | - | - | - | 14,088 | - | 14,088 |
| Subscriptions received pursuant to exercise of warrants | - | - | 40,000 | - | - | - | 40,000 |
| Loss for the period | - | - | - | - | - | (1,982,075) | (1,982,075) |
| Balance September 30, 2020 | 58,560,148 | 13,378,041 | 40,000 | 1,507,100 | 5,063,766 | (17,661,530) | 2,327,377 |
| Issuance of common shares pursuant to management contract | 600,000 | 171,000 | - | - | - | - | 171,000 |
| Issuance of common shares upon exercise of share purchase warrants | 4,740,000 | 474,000 | - | - | - | - | 474,000 |
| Reclassification of fair value of warrants exercised | - | 53,064 | (40,000) | (53,064) | - | - | (40,000) |
| Share based compensation arising on stock option grants | - | - | - | - | 694,661 | - | 694,661 |
| Share based compensation arising on grant of restricted share units | - | - | - | - | 117,826 | - | 117,826 |
| Loss for the period | - | - | - | - | - | (2,168,681) | (2,168,681) |
| Balance December 31, 2020 | 63,900,148 | \$ 14,076,105 | \$ - | \$ 1,454,036 | \$ 5,876,253 | \$ (19,830,211) | \$ 1,576,183 |

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

BRIGADIER GOLD LIMITED.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(Expressed in Canadian Dollars)
(Unaudited)

| | SHARE CAPITAL | | WARRANT RESERVE | CONTRIBUTED SURPLUS | DEFICIT | TOTAL EQUITY |
|---|-------------------|----------------------|---------------------|------------------------|------------------------|---------------------|
| | SHARES | AMOUNT | | | | |
| Balance January 1, 2021 | 63,900,148 | \$ 14,076,105 | \$ 1,454,036 | \$ 5,876,253 | \$ (19,830,211) | \$ 1,576,183 |
| Issuance of common shares in private placement | 5,000,000 | 1,000,000 | - | - | - | 1,000,000 |
| Share issuance costs | - | (70,940) | 22,900 | - | - | (48,040) |
| Fair value of warrants issued in private placement | - | (357,800) | 357,800 | - | - | - |
| Issuance of common shares in settlement of marketing agreement | 454,545 | 100,000 | - | - | - | 100,000 |
| Issuance of common shares for exploration and evaluation asset | 475,000 | 45,375 | - | - | - | 45,375 |
| Issuance of common shares upon exercise of share purchase warrants | 7,760,000 | 776,000 | - | - | - | 776,000 |
| Reclassification of fair value of warrants exercised | - | 81,872 | (81,872) | - | - | - |
| Share based compensation arising on stock option grants | - | - | - | 692,214 | - | 692,214 |
| Share based compensation arising on grant of restricted share units | - | - | - | 425,547 | - | 425,547 |
| Loss for the period | - | - | - | - | (3,167,650) | (3,167,650) |
| Balance, September 30, 2021 | 77,589,693 | \$ 15,650,612 | \$ 1,752,864 | \$ 6,994,014 | \$ (22,997,861) | \$ 1,399,629 |

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

BRIGADIER GOLD LIMITED.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in Canadian Dollars) (Unaudited)

1. Nature of Operations and Going Concern

Brigadier Gold Limited (the “Company”) was incorporated under the Corporations Act (Ontario) and was continued into British Columbia under the Business Corporations Act (British Columbia) on June 19, 2020. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol BRG. The address of the Company’s registered office is 40440 Thunderbird Ridge, PO Box 1831, Garibaldi Highlands, BC, V0N 1T0.

These unaudited condensed interim consolidated financial statements, approved by the Board of Directors on November 29, 2021, have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a “going concern”, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company reported a net loss of \$3,167,650 for the nine months ended September 30, 2021 (2020 - \$1,982,075) and had an accumulated deficit of \$22,997,861 as at September 30, 2021 (December 31, 2020 - \$19,830,211).

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The Company has reported successive operating losses and has limited capital resources. The Company will require additional funding to continue operations for the next 12 months. The protracted effects of COVID-19, successive operating losses, together with the challenges of securing requisite funding have resulted in material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

2. Summary of Significant Accounting Policies

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied in the Company’s annual consolidated financial statements for the year ended December 31, 2020.

BRIGADIER GOLD LIMITED.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in Canadian Dollars) (Unaudited)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit or loss which are measured at fair value.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 1848246 Ontario Inc. (formerly known as 1534185 Alberta Inc.), a Canadian corporation and Incahusai Exploraciones S.A., a company incorporated in Mexico. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company balances, transactions, revenues, and expenses have been eliminated.

(c) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

Financial Instruments - classification and measurement

Financial assets are classified and measured based on these categories: fair value through profit or loss ("FVPL"); fair value through other comprehensive income ("FVOCI"); or amortized cost. Financial liabilities are classified and measured based on two categories: FVPL or amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Financial assets and liabilities classified as FVPL are measured at fair value with changes in fair value recognized in profit or loss. Financial assets designated as FVOCI are measured at fair value with changes in fair value recognized in other comprehensive income with such changes never being reclassified to profit or loss. Financial assets and liabilities classified as amortized cost are initially measured at fair value, net of any transaction costs incurred and are measured subsequently using the effective interest method.

BRIGADIER GOLD LIMITED.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in Canadian Dollars) (Unaudited)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

Financial Instruments - classification and measurement (Continued)

The Company's financial instruments consists of the following:

| <i>Financial assets and liabilities</i> | <i>Classification</i> |
|--|-----------------------|
| Cash | Amortized cost |
| Restricted cash | Amortized cost |
| Receivables | Amortized cost |
| Convertible note receivable | Amortized cost |
| Investments | FVPL |
| Accounts payable and accrued liabilities | Amortized cost |

Financial instruments recorded at fair value in the consolidated statements of financial position are classified according to a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements.

The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

(d) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include option payments, the costs of licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination or an asset acquisition. Exploration and evaluation expenditures are expensed as incurred.

(e) Equipment

Exploration equipment is recorded at cost and depreciated over its estimated useful life at the following rate:
- three years straight line.

The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

BRIGADIER GOLD LIMITED.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in Canadian Dollars) (Unaudited)

2. Summary of Significant Accounting Policies (Continued)

(f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use.

(g) Translation of foreign currencies

The Company's presentation currency is the Canadian dollar. The Company considers the functional currency of its Canadian operations and its subsidiaries to be the Canadian dollar. Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At the end of each reporting period, monetary assets and liabilities are translated using the year end foreign exchange rate at that date. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

(h) Provisions

A provision is recognized in the statements of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company has recorded no provisions for the years presented.

(i) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

The Company recognizes deferred tax on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in computing taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized.

BRIGADIER GOLD LIMITED.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in Canadian Dollars) (Unaudited)

2. Summary of Significant Accounting Policies (Continued)

(j) Loss per common share

Basic loss per share is computed by dividing the loss applicable by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed by dividing the net loss by the sum of the weighted average number of common shares issued and outstanding during the reporting period and all additional common shares for the assumed exercise of options and warrants outstanding for the reporting period, if dilutive.

(k) Share capital

Common shares are classified as equity. Proceeds from unit placements are allocated between shares and warrants issued using the relative fair value method. Costs directly identifiable with share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations in the period they are incurred.

(l) Warrant Reserve

The fair value of warrants is determined upon their issuance either as part of unit private placements or in settlement of share issuance costs and finders' fees, using the Black-Scholes option pricing model. Units issued in a private placement are allocated using the relative fair value method. All such warrants are classified in a warrant reserve within equity. If the warrants are converted, the value attributable to the warrants is transferred to common share capital. Upon expiry, the amounts recorded for expired warrants is transferred to contributed surplus from the warrant reserve. Shares are issued from treasury upon the exercise of share purchase warrants.

(m) Share-based payments

The Company operates an employee stock option plan and a restricted share unit award plan. The plans allow Company employees, directors, and consultants to acquire shares of the Company and are equity award plans. The fair value of equity awards granted is recognized as an employee or consultant expense with a corresponding increase in equity.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors and officers of the Company.

The fair value of the equity awards granted are measured at grant date and each tranche is recognized on a graded basis over the period during which the awards vest. The fair value of the equity award is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the equity award was granted. At the end of each reporting period, the amount recognized as an expense for unvested equity awards is adjusted to reflect the actual number of equity awards that are expected to vest.

Compensation expense on equity awards granted to non-employees is measured at the earlier of the completion of performance and the date the awards are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

BRIGADIER GOLD LIMITED.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in Canadian Dollars) (Unaudited)

2. Summary of Significant Accounting Policies (Continued)

(m) Share-based payments (Continued)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

(n) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgments and estimates in relation to assets, liabilities, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

The following are items involving key judgment and estimates:

Significant judgments

Going concern

These financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment in determining assumptions for cash flow projections, such as anticipated financing, deferral of commitments, negotiation of supplier terms and future commitments to assess the Company's ability to continue as a going concern. A critical judgment is that the Company continues to raise funds going forward and to satisfy their obligations as they become due.

Income taxes

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense, and indirect taxes. The Company is subject to assessments by tax authorities who may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

BRIGADIER GOLD LIMITED.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in Canadian Dollars) (Unaudited)

2. Summary of Significant Accounting Policies (Continued)

(n) Significant accounting judgments and estimates (Continued)

Significant estimates

Useful life of equipment

Depreciation of equipment is charged so as to write down the value of those assets to their residual value over their respective estimated useful lives. Management is required to assess the useful economic lives and residual values of the assets such that depreciation is charged on a systematic basis to the current carrying amount. The useful lives are estimated having regard to such factors such as asset maintenance, rate of technical and commercial obsolescence, and asset usage. The useful lives of key assets are reviewed annually.

Impairment of long-lived assets

The Company reviews the carrying values of its long-lived assets on a periodic basis against their fair values on factors such as current market value, future asset utilization and business climate. The Company records an impairment loss in the period when it is determined that the carrying amount of the assets may not be recoverable or is below the net realizable value.

Share-based payments

The Company uses the Black-Scholes valuation model to determine the fair value of options and warrants granted to employees and non-employees under share-based payment arrangements, where appropriate. In instances where equity awards have performance or market conditions, the Company utilizes the Monte Carlo valuation model to simulate the various outcomes that affect the value of the award. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term of the instrument, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date, by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. Changes in assumptions used to estimate fair value could result in materially different results.

(o) Accounting Standards issued but not yet applied

At the date of approval of these unaudited condensed interim consolidated financial statements a number of standards and interpretations have been issued, which are not yet effective. The Company considers these new standards and interpretations are either not applicable to the Company's operations or are not expected to have a material impact on the Company's unaudited condensed interim consolidated financial statements.

3. Restricted Cash

Restricted cash represents collateral in respect of the corporate credit card facility with a major financial institution.

BRIGADIER GOLD LIMITED.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in Canadian Dollars) (Unaudited)

4. Convertible Note Receivable

On July 24, 2019, the Company advanced \$25,589 to CBD Group Asia Limited (“CGA”) in exchange for a convertible promissory note issued by CGA evidencing a non-interest-bearing loan. Pursuant to the terms of which, the loan was to be converted automatically at closing of a series of proposed transactions into 25,000 CGA common shares. The Company evaluated whether the convertible note receivable contained an embedded derivative and determined such conversion feature had a nominal value.

In April 2020, the proposed transaction was terminated. As a result, the Company determined that there was uncertainty on the collectability of the convertible note receivable, and recorded a valuation allowance of \$25,588 during the year ended December 31, 2019.

5. Exploration Equipment

| | SEPTEMBER 30 2021 | DECEMBER 31 2020 |
|-----------------------------------|-------------------------|-------------------------|
| Cost | | |
| Opening Balance | \$ 32,381 | \$ - |
| Additions | - | 32,381 |
| Disposals | - | - |
| Closing Balance | <u>\$ 32,381</u> | <u>\$ 32,281</u> |
| Amortization | | |
| Opening Balance | \$ 4,497 | \$ - |
| Charge for the period | 8,091 | 4,497 |
| Disposals | - | - |
| Closing Balance | <u>\$ 12,588</u> | <u>\$ 4,497</u> |
| Balance September 30, 2021 | <u><u>\$ 19,793</u></u> | <u><u>\$ 27,884</u></u> |

*Depreciation expense is included in exploration and evaluation expenses.

6. Investments

| | SEPTEMBER 30 2021 | DECEMBER 31 2020 |
|---|----------------------|-------------------------|
| Prosper Gold Corp – 15,000 Common Shares* | <u><u>\$ -</u></u> | <u><u>\$ 22,050</u></u> |

During the nine months ended September 30, 2021, the Company sold its holding of 15,000 Prosper Gold Corp shares for net proceeds of \$22,242, resulting in a capital gain on disposal of \$5,742. Prior to selling the shares, the Company recorded a \$5,550 decrease in value for the nine-month period ended September 30, 2021 (2020 – increase in value of \$2,400).

* The Prosper Gold Corp shares were received pursuant to the sale of certain mining claims and at the time of receipt had a fair value of \$16,500.

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7. Mineral Property Interests

| Exploration and Evaluation Expenses | SEPTEMBER 30 2021 | DECEMBER 31 2020 |
|---|----------------------|---------------------|
| Killala Lake South Diamond Property, Canada | \$ 52,000 | \$ 51,865 |
| Picachos Gold-Silver Property, Mexico | 959,421 | 1,269,113 |
| | <u>\$ 1,011,421</u> | <u>\$ 1,320,978</u> |

Killala Lake South Diamond Property, Canada

On May 11, 2020, the Company entered into an option agreement to purchase a 100% interest in certain mineral claims located in the Thunder Bay mining District, Ontario, known as the Killala Lake South Diamond Property. The property consists of 46 claim cells located in Killala Lake and Foxtrap Lake Area. The agreement received regulatory approval on June 24, 2020.

The option payments consist of cash payments of \$110,000 and the issuance of 1,600,000 common shares as follows:

a) Cash Payments

- \$15,000 within 5 days of the effective date of the agreement (May 11, 2020) (paid);
- \$15,000 on or before the first (paid), second and third anniversaries of receipt of regulatory approval; and
- \$50,000 on or before the fourth anniversary of receipt of regulatory approval.

b) Share Consideration

- The issuance of 500,000 common shares within 10 business days of receipt of TSX-V approval of the agreement (issued, with a fair value of \$25,000);
- The issuance of 200,000 common shares on or before the first (issued, with fair value of \$22,000), second and third anniversaries of receipt of regulatory approval.
- The issuance of 500,000 common shares on or before the fourth anniversary of receipt of regulatory approval.

The Company will also issue additional common share upon achieving certain milestones as follows:

- The issuance of 1,000,000 common shares in the event a NI43-101 compliant report calculation commissioned for the purchaser identifies a resource exceeding 3 million carats;
- The issuance of 1,000,000 common shares upon completion of a positive bankable feasibility study commissioned by the purchaser;
- The issuance of 500,000 common shares for each kimberlite or lamproite pipe drilled within the area of interest which produces more than 10 commercial sized diamonds.

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7. Mineral Property Interests (Continued)

Killala Lake South Diamond Property, Canada (continued)

c) Other contingent consideration

Further, if an ore deposit within the optioned property is sold or optioned to a 3rd party the purchaser shall make a cash payment to the optionor equal to 5% of the net sale price, or issue common shares with an equivalent value. If paid in shares the deemed value of each share shall be the greater of:

- (i) The volume weighted average of the price per share as reported on the TSX-V for the prior 10 consecutive trading days;
- (ii) The minimum price per share permissible pursuant to applicable securities law and requirements of the TSX-V

The agreement is subject to a 3% Gross overriding Royalty (“GOR”) with respect to diamonds extracted from the property and a 2% Net Smelter Royalty (“NSR”) in respect of any non-diamond minerals discovered on the property. The Company has the right to purchase 50% of the GOR and NSR at any time for cash consideration of \$2,000,000 and \$1,000,000 respectively.

During the nine months ended September 30, 2021, the Company recorded \$37,000 in option costs and incurred \$15,000 of property evaluation expenses on the property.

During the year ended December 31, 2020, the Company recorded \$40,000 in option costs and incurred \$11,865 of property evaluation expenses consisting of the preparation of a compliant NI 43-101 report.

Picachos Gold-Silver Property, Mexico

On August 4, 2020, the Company entered into an option agreement to acquire a 100% interest in the Picachos Gold-Silver Property located in Sinaloa, Mexico.

The option payments consist of cash payments of US\$275,000, the issuance of 4,000,000 common shares and completing US\$3,850,000 of exploration expenditures as follows:

a) Cash Payments

- US \$35,000 upon execution of the LOI (Paid Cdn\$47,685)
- US \$25,000 on or before August 4, 2022;
- US \$40,000 on or before August 4, 2023;
- US \$75,000 on or before August 4, 2024;
- US \$100,000 on or before August 4, 2025.

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7. Mineral Property Interests (Continued)

Picachos Gold-Silver Property, Mexico (Continued)

b) Share Consideration

The issuance of common shares as follows:

- 250,000 common shares on or before August 4, 2021 (issued with a fair value of \$21,250);
- 500,000 common shares on or before August 4, 2022;
- 750,000 common shares on or before August 4, 2023;
- 1,000,000 common shares on or before August 4, 2024;
- 1,500,000 common shares on or before August 4, 2025.

c) Exploration expenditures

- US \$100,000 on or before August 4, 2021 (incurred);
- US \$500,000 on or before August 4, 2022;
- US \$750,000 on or before August 4, 2023;
- US \$1,000,000 on or before August 4, 2024;
- US \$1,500,000 on or before August 4, 2025.

The Company will also make payments to the optionor for Picachos development milestones as to:

- i) 1,000,000 common shares of the Company upon delineating a mineral resource estimate containing a minimum of 350,000 ounces of gold in the inferred category (based on the then current Canadian Institute of Mining definitions);
- ii) US\$725,000 and 1,000,000 common shares of the Company upon completion of a feasibility study recommending the construction of a mine on the Property; and
- iii) US\$2,000,000 upon commencement of commercial production.

The Company may, at its option, issue common shares in lieu of one half of the cash payments to be made pursuant to each of ii) and iii) above.

The agreement is subject to a 2% NSR on production from the property.

The Company has also entered into a finder's fee agreement with respect to the above agreement and shall compensate the finder with up to 1,084,401 common shares over the term of the option agreement as follows:

- 15,800 common shares on regulatory approval of the Agreement (issued with a fair value of \$5,846);
- 25,000 common shares on or before August 4, 2021 (issued with a fair value of \$2,125);
- 60,765 common shares on or before August 4, 2022;
- 69,793 common shares on or before August 4, 2023;
- 100,393 common shares on or before August 4, 2024;
- 97,572 common shares on or before August 4, 2025;

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7. Mineral Property Interests (Continued)

Picachos Gold-Silver Property, Mexico (Continued)

- 50,000 common shares upon receiving a resource estimate containing a minimum of 350,000 ounces of gold;
- 213,645 upon completion of a feasibility study;
- 451,433 upon commencement of commercial production.

Payment of the finder's fee is dependent upon the Company keeping the option agreement in good standing, and other milestone events.

During the nine months ended September 30, 2021, the Company recorded \$21,250 in option costs, \$2,125 pursuant to the finder's fee agreement, and \$936,046 of evaluation costs on the property (including \$8,091 in depreciation costs of equipment).

During the year ended December 31, 2020, the Company recorded \$47,685 in option costs, \$5,846 pursuant to the finder's fee agreement, and \$1,215,582 of evaluation costs on the property (including \$4,497 in depreciation costs of equipment).

As at September 30, 2021, the Company had made exploration advances to the operator of \$364,195 (December 31, 2020 - \$115,489).

8. Share Capital

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

During the nine months ended September 30, 2021, the Company:

- Completed a private placement of 5,000,000 Units at \$0.20 for gross proceeds of \$1,000,000. Each Unit consisted of one common share and one share purchase warrant. Each share purchase warrant can be exercised into one common share at an exercise price of \$0.30 until March 16, 2022.

The share purchase warrants have been valued at \$357,800 using the Black-Scholes option pricing model with the following assumptions, Exercise price: \$0.30; Volatility: 179%; Risk free rate: 0.214%; Term: 1 year; annual rate of dividends: \$Nil.

In connection with the private placement the Company also incurred share issuance costs aggregating \$70,940 consisting of cash finders' fees of \$42,840, the issuance of 214,200 finders' warrants with a fair value of \$22,900 and cash filing fees of \$5,200. Each finders' warrant entitles the holder to purchase one Common share at \$0.30 until March 16, 2022.

The finders' warrants have been valued at \$22,900 using the Black-Scholes option pricing model with the following assumptions, Exercise price: \$0.30; Volatility: 179%; Risk free rate: 0.214%; Term: 1 year; annual rate of dividends: \$Nil.

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8. Share Capital (Continued)

b) Issued share capital (Continued)

- ii) Issued 454,545 common shares with a fair value of \$100,000 in settlement of a contract for corporate marketing services.
- (iii) Issued 7,760,000 common shares upon exercise of 7,760,000 share purchase warrants for proceeds of \$776,000. As a result of the exercise the Company also reallocated \$81,872 of the warrant reserve to share capital.
- (iv) Issued a total of 475,000 common shares pursuant to mineral property option agreements for its Killala Lake South Diamond Property in Canada and Picachos Gold-Silver Property in Mexico. See Note 7 for details.

During the year ended December 31, 2020, the Company:

- (i) Completed a private placement of 14,000,000 units at \$0.05 per unit for gross proceeds of \$700,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant can be exercised into one common share at an exercise price of \$0.10 until June 3, 2021.

The share purchase warrants have been valued at \$152,250 using the Black-Scholes option pricing model with the following assumptions, Exercise price: \$0.10; Volatility: 107%; Risk free rate: 0.284%; Term: 1 year; annual rate of dividends: \$Nil. In connection with the private placement the Company also incurred share issuance costs aggregating \$27,110 consisting of finders' fees of \$21,035 and filing fees of \$6,075

- (ii) Closed a non-brokered private placement of 13,461,538 units at a price of \$0.26 per unit for gross proceeds of up to \$3,500,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant can be exercised into one common share at an exercise price of \$0.40 until July 24, 2021.

The share purchase warrants have been valued at \$1,354,850 using the Black-Scholes option pricing model with the following assumptions, Exercise price: \$0.40; Volatility: 163%; Risk free rate: 0.238%; Term: 1 year; annual rate of dividends: \$Nil.

In connection with the private placement the Company also incurred share issuance costs aggregating \$205,390 consisting of finders' fees of \$186,678 and filing fees of \$18,712.

- (iii) Issued 500,000 common shares with a fair value of \$25,000 pursuant to the Killala Lake South Diamond Property Option Agreement.
- (iv) Issued 15,800 common shares with a fair value of \$5,846 pursuant to the Picacho Gold Silver Property finder's fee agreement.
- (v) Issued 600,000 common shares with a fair value of \$171,000 pursuant to a management fee contract with the Chief Operating Officer

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8. Share Capital (Continued)

b) Issued share capital (Continued)

(vi) Issued 4,740,000 common shares upon exercise of 4,740,000 share purchase warrants for proceeds of \$474,000. As a result of the exercise the Company also reallocated \$53,064 of the warrant reserve to share capital.

c) Share Purchase Warrants

A summary of changes in share purchase warrants for the nine-month period to September 30, 2021, and the year ended December 31, 2020, is presented below:

| | NINE MONTHS ENDED SEPTEMBER 30, 2021 | | YEAR ENDED DECEMBER 31, 2020 | |
|------------------------------|---|--|---------------------------------|--|
| | NUMBER | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER | WEIGHTED AVERAGE EXERCISE PRICE |
| Balance, beginning of period | 22,721,538 | \$ 0.28 | - | \$ - |
| Issued | 5,000,000 | 0.30 | 27,461,538 | 0.25 |
| Exercised | (7,760,000) | (0.10) | (4,740,000) | 0.10 |
| Expired | (14,961,538) | (0.37) | - | - |
| Balance, end of period | 5,000,000 | \$ 0.30 | 22,721,538 | \$ 0.28 |

As at September 30, 2021, the following share purchase warrants are outstanding:

| EXERCISE PRICE | NUMBER OUTSTANDING | NUMBER EXERCISABLE | EXPIRY DATE |
|-------------------|-----------------------|-----------------------|----------------|
| \$ 0.30 | 5,000,000 | 5,000,000 | March 16, 2022 |

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8. Share Capital (Continued)

d) Finders' warrants

A summary of changes in finders' warrants for the nine-month period to September 30, 2021 and the year ended December 31, 2020 is presented below:

| | NINE MONTHS ENDED SEPTEMBER 30, 2021 | | YEAR ENDED DECEMBER 31, 2020 | |
|------------------------------|---|--|---------------------------------|--|
| | NUMBER | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER | WEIGHTED AVERAGE EXERCISE PRICE |
| Balance, beginning of period | - | \$ - | - | \$ - |
| Issued | 214,200 | 0.30 | - | - |
| Exercised | - | - | - | - |
| Balance, end of period | 214,200 | \$ 0.30 | - | \$ - |

As at September 30, 2021, the following finders' warrants are outstanding:

| EXERCISE PRICE | NUMBER OUTSTANDING | NUMBER EXERCISABLE | EXPIRY DATE |
|-------------------|-----------------------|-----------------------|----------------|
| \$ 0.30 | 214,200 | 214,200 | March 16, 2022 |

9. Share Based Payments

i) Stock Options

The number of shares reserved for issuance under the Company's stock option plan is limited to 10% of the number of shares which are issued and outstanding on the date of a particular grant of options. Under the plan, the Board of Directors determines the term of a stock option to a maximum of 10 years, the period of time during which the options may vest, unless otherwise required by applicable securities law, stock exchange and other regulatory requirements, and when they become exercisable, as well as the option exercise price, which shall not be less than the prevailing price permitted by the TSX-V. The Directors determine the recipients of, and nature and size of, share-based payment awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

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9. Share Based Payments (Continued)

i) Stock Options (Continued)

A summary of changes in stock options for the nine months ended September 30, 2021 and the year ended December 31, 2020 presented below:

| | THREE MONTHS ENDED SEPTEMBER 30, 2021 | | YEAR ENDED DECEMBER 31, 2020 | |
|------------------------------|--|--|---------------------------------|--|
| | NUMBER | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER | WEIGHTED AVERAGE EXERCISE PRICE |
| Balance, beginning of period | 4,550,000 | \$ 0.35 | - | \$ - |
| Granted | 750,000 | 0.22 | 4,550,000 | 0.35 |
| Forfeited | - | - | - | - |
| Balance, end of period | <u>5,300,000</u> | \$ 0.33 | <u>4,550,000</u> | \$ 0.35 |

On June 9, 2021, the Company granted 150,000 stock options exercisable at \$0.30 until June 9, 2026 to the Company providing CFO services. The stock options will vest on December 9, 2021. The stock options have been valued at \$15,389 using the Black-Scholes option pricing model with the following assumptions, Exercise price - \$0.30; Volatility - 149%; Risk free rate - 0.89%; Term: 5 years; annual rate of dividends - \$Nil. During the nine months ended September 30, 2021, the Company recorded \$1,766 (2020 - \$Nil) of share-based compensation in respect of the grant.

On March 22, 2021, the Company granted 600,000 stock options exercisable at \$0.20 until March 22, 2024 to certain consultants of the Company. The stock options vested immediately on March 22, 2021. The stock options have been valued at \$90,492 using the Black-Scholes option pricing model with the following assumptions, Exercise price - \$0.20; Volatility - 133%; Risk free rate - 0.50%; Term: 3 years; annual rate of dividends - \$Nil. During the nine months ended September 30, 2021, the Company recorded \$90,492 (2020 - \$Nil) of share-based compensation in respect of the grant.

On September 18, 2020, the Company granted 4,400,000 stock options exercisable at \$0.35 until September 18, 2022 to Directors, Officers, and consultants. The stock options vested on March 18, 2021. The stock options have been valued at \$1,348,000 using the Black-Scholes option pricing model with the following assumptions, Exercise price - \$0.35; Volatility - 215%; Risk free rate - 0.235%; Term: 2 years; annual rate of dividends - \$Nil. During the nine months ended September 30, 2021, the Company recorded \$573,459 (2020 - \$Nil) of share-based compensation in respect of the grant.

On November 23, 2020, the Company granted 150,000 stock options exercisable at \$0.35 until November 23, 2021 pursuant to a marketing contract. The stock options vest on May 20, 2021. The stock options have been valued at \$22,850 using the Black-Scholes option pricing model with the following assumptions, Exercise price - \$0.35; Volatility - 173%; Risk free rate - 0.203%; Term: 1 year; annual rate of dividends - \$Nil. During the nine months ended September 30, 2021, the Company recorded \$17,973 (2020 - \$Nil) of share-based compensation in respect of the grant.

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9. Share Based Payments (Continued)

i) Stock Options (continued)

As at September 30, 2021, the following stock options were outstanding:

| EXERCISE PRICE | NUMBER OUTSTANDING | NUMBER EXERCISABLE | EXPIRY DATE |
|----------------|--------------------|--------------------|--------------------|
| \$ 0.30 | 150,000 | - | June 9, 2026 |
| \$ 0.20 | 600,000 | 600,000 | March 22, 2024 |
| \$ 0.35 | 4,400,000 | 4,400,000 | September 18, 2022 |
| \$ 0.35 | 150,000 | 150,000 | November 23, 2021 |

ii) Restricted Share Unit Award Plan

On August 26, 2020, the Company adopted a Restricted Share Unit Award Plan (“RSU Plan”), whereby the maximum number of common shares reserved for issuance under the RSU Plan combined with all of the Company’s other security-based compensation arrangements including the Company’s Stock Option Plan shall not exceed 10% of the Company’s outstanding shares.

A summary of changes in Restricted Share Units for the nine months ended September 30, 2021 and the year ended December 31, 2020 presented below:

| | NINE MONTHS ENDED SEPTEMBER 30, 2021 | | YEAR ENDED DECEMBER 31, 2020 | |
|------------------------------|---|--|---------------------------------|--|
| | NUMBER | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER | WEIGHTED AVERAGE EXERCISE PRICE |
| Balance, beginning of period | 1,335,601 | \$ 0.35 | - | \$ - |
| Granted | 500,000 | 0.18 | 1,335,601 | 0.35 |
| Forfeited | - | - | - | - |
| Balance, end of period | <u>1,835,601</u> | <u>\$ 0.30</u> | <u>1,335,601</u> | <u>\$ 0.35</u> |

On April 1, 2021, the Company granted 500,000 RSU’s to an officer of the Company. The RSU’s vest on October 1, 2021 and expire on April 1, 2024. The RSU’s have been valued at \$90,000 based on the market price of the Company’s shares on the grant date. During the nine months ended September 30, 2021, the Company recorded \$89,508 (2020 - \$Nil) of share-based compensation in respect of the grant.

On September 18, 2020, the Company granted 1,335,601 RSU’s to certain consultants, a director, and an officer of the Company. The RSU’s vest on September 18, 2021 and expire on September 18, 2023. The RSU’s have been valued at \$467,460 based on the market price of the Company’s shares on the grant date. During the nine months ended September 30, 2021, the Company recorded \$334,266 (2020 - \$15,369) of share-based compensation in respect of the grant.

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9. Share Based Payments (Continued)

ii) Restricted Share Unit Award Plan (continued)

As at September 30, 2021, the following RSU's were outstanding:

| NUMBER OUTSTANDING | NUMBER EXERCISABLE | EXPIRY DATE |
|-------------------------------|-------------------------------|---------------------------|
| 500,000 | - | April 1, 2024 |
| 1,335,601 | - | September 18, 2023 |

10. Related Party Transactions

Related party transactions reflected in these consolidated financial statements are as follows:

Key management personnel include directors and officers of the Company.

- (i) During the three and nine months ended September 30, 2021, the Company recorded \$30,944 and 92,995 (2020 - \$44,672 and \$76,311), respectively of consulting fees in relation to services provided by the directors of the Company.
- (ii) During the three and nine months ended September 30, 2021, the Company recorded \$19,400 and \$Nil (2020 - \$7,500 and \$24,000), respectively of professional fees in relation to services provided by the former Chief Financial Officer of the Company. As at September 30, 2021 - \$Nil (December 31, 2020 - \$8,000) was payable to the former CFO.
- (ii) On June 24, 2020, a new Corporate Secretary was appointed. During the three and nine months ended September 30, 2021, the Company recorded \$Nil and \$35,085 (2020 - \$15,000 and \$30,000) of administrative fees in relation to services provided by the Corporate Secretary of the Company.
- (iv) On October 30, 2020, the Company entered into a management fee contract with the President and CEO of the Company. During the three and nine months ended September 30, 2021, the Company recorded \$30,000 and \$80,000 (2020 - \$Nil) of management fees in relation to services provided pursuant to the contract for services rendered.
- (v) On October 30, 2020, the Company entered into a management fee contract with a company controlled by the Chief Operating Officer of the Company. During the three and nine months ended September 30, 2021, the Company recorded \$19,378 and \$62,663 (2020 - \$Nil) of management fees pursuant to the contract for services rendered.
- (vi) On June 9, 2021, a new Chief Financial Officer and Corporate Secretary was appointed. During the three and nine months ended September 30, 2021, the Company recorded \$15,000 and \$20,000 (2020 - \$Nil), respectively of administrative fees in relation to services provided by the CFO of the Company.
- (vii) During the three and nine months ended September 30, 2021, the Company recorded \$128,590 and \$827,166, respectively (2020 - \$41,576) in respect of share-based compensation arising from the granting of stock options and issuance of restricted stock units to Directors and Officers of the Company.

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11. Capital Management

The Company manages its capital structure and makes adjustments in light of the changes in its economic environment and the risk characteristics of the Company's assets. The Company defines capital to be the components of shareholders' equity. To effectively manage the Company's capital requirements, the Company has in place planning, budgeting, and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. There were no externally imposed capital requirements to which the Company is subject as at September 30, 2021.

12. Financial Instruments and Risk Management

The carrying values of cash, restricted cash, receivables, convertible note receivable, and accounts payable and accrued liabilities are considered representative of their respective fair values due to their short-term period to maturity.

Investments have been recorded at fair market value.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk is the carrying value of cash, restricted cash, and receivables. Substantially all of the Company's cash and restricted cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with such institutions is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of the business of the Company.

The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 11, in normal circumstances. Further information regarding liquidity risk is set out in note 1. The Company is exposed to liquidity risk.

Interest rate risk

The Company had no significant exposure as at September 30, 2021, to interest rate risk through its financial instruments.

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12. Financial Instruments and Risk Management (Continued)

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

The Company operates in Canada and Mexico and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies. The operating results and the financial position of the Company are reported in Canadian dollars. The functional currency of the Company and its subsidiaries is the Canadian dollar. Foreign currency risk is related to the exposure of financial instruments denominated in currencies other than Canadian dollars. As of September 30, 2021, a 10% appreciation (depreciation) in the United States dollar against the Canadian dollar, with all other variables held constant, would not result in any significant impact on the Company's profit or loss for the year.

13. Segmented Information

The Company has one operating segment, being the acquisition of exploration of mineral properties. The Company's accounting policy with respect to exploration and evaluation assets is to expense all costs as incurred.

The Company is conducting exploration activities in Canada and Mexico and accordingly has geographical segments to its operations.

During the nine months ended September 30, 2021, the Company incurred \$959,421 (2020 – \$598,364) of acquisition and exploration expenditures on its Mexican property, and \$52,000 (2020 - \$50,500) on its Canadian property. All other expenses incurred in the nine months ended September 30, 2021 and 2020 were incurred in Canada.

As of September 30, 2021, non-current assets located in Mexico comprised the equipment of \$19,793. (December 31, 2020, - \$ 27,884)

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14. Commitments

- i) On October 30, 2020, the Company entered into a Management Services Agreement with the President and Chief Executive Officer (“CEO”) of the Company, Mr. Ranjeet Sundher. The agreement provides for the CEO to receive annual compensation of USD\$120,000, discretionary bonuses, and participation in the equity-based compensation plans adopted by the Company. Remuneration is to be reviewed annually.

The agreement may be terminated without cause at any time by the Company, by delivering to the CEO written notice stipulating the date of termination, and by paying a lump sum settlement in an amount equal to 200% of the effective compensation at the time of termination.

On April 1, 2021, Ranjeet Sundher resigned as President, and CEO of the Company.

- ii) On October 30, 2020, the Company appointed a new Chief Operating Officer (“COO”), Mr. Steve Vanny. The Company also entered into a Management Services Agreement with 677185 BC Ltd, (the “Consultant”), an entity controlled by the COO. The agreement provides for annual compensation of USD\$90,000, discretionary bonuses, and participation in the equity-based compensation plans adopted by the Company. Remuneration is to be reviewed annually. The agreement also provides for an incentive signing bonus to be paid in common shares of the equivalent to 1% of the outstanding share capital of the company at the effective date of the agreement to be paid to the Consultant or the COO at the discretion of the Consultant.

On October 30, 2020, the Company issued 600,000 Common shares with a fair value of \$171,000 in full settlement of the signing bonus.

The agreement may be terminated without cause at any time by the Company, by delivering to the Consultant written notice stipulating the date of termination, and by paying a lump sum settlement in an amount equal to 200% of the effective compensation at the time of termination.