



**BASELODE**  
ENERGY

**Baselode Energy Corp.**  
(formerly Rider Investment Capital Corp.)

**Condensed Interim Financial Statements**

For the nine months ended September 30, 2021 and 2020  
(In Canadian Dollars)

## ***Management’s responsibility for financial reporting***

The accompanying condensed interim financial statements of Baselode Energy Corp. (the “Company” or “Baselode”) (formerly Rider Investment Capital Corp.) were prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the condensed interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. The significant accounting policies of the Company are summarized in Note 3 of the condensed interim financial statements.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of September 30, 2021 and for the periods presented by the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

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

## ***Management’s assessment of internal control over financial reporting (“ICFR”)***

Management is also responsible for establishing and maintaining adequate internal control over the Company’s financial reporting. The internal control system was designed to provide reasonable assurance to the Company’s management regarding the preparation and presentation of the financial statements.

*(“signed”)*  
(Stephen Stewart)  
CEO

*(“signed”)*  
(Jeffrey Potwarka)  
CFO

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

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

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

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim financial statements by an entity’s auditor.

**Baselode Energy Corp.**  
**(formerly Rider Investment Capital Corp.)**  
**Condensed Interim Statements of Financial Position**  
*(expressed in Canadian dollars)*  
**As at**

	September 30, 2021 <i>(unaudited)</i>	December 31, 2020 <i>(audited)</i>
<b>Assets</b>		
Cash	\$ 11,007,590	\$ 6,240,023
Due from related party <i>(note 11)</i>	29,717	15,598
Amounts receivable	692	10,692
Prepaid expenses	194,866	44,690
GST/HST receivable	255,232	49,258
Total current assets	11,488,097	6,360,261
Equipment <i>(note 5)</i>	113,012	120,610
<b>TOTAL ASSETS</b>	<b>\$ 11,601,109</b>	<b>\$ 6,480,871</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities <i>(note 11)</i>	\$ 1,084,700	\$ 282,626
Flow-through share premium liability <i>(note 9)</i>	-	296,454
<b>TOTAL LIABILITIES</b>	<b>1,084,700</b>	<b>579,080</b>
<b>Shareholders' Equity</b>		
Share capital <i>(note 10)</i>	14,128,179	7,134,493
Share-based payment reserve <i>(note 10)</i>	3,834,395	1,473,041
Deficit	(7,446,165)	(2,705,743)
Total Shareholders' Equity	10,516,409	5,901,791
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 11,601,109</b>	<b>\$ 6,480,871</b>

Nature of operations (Note 1)  
 Going concern (Note 2)  
 Commitments and contingencies (Notes 6 and 12)  
 Event subsequent to period end (Note 13)

**Approved by the Board:**

Signed "Stephen Stewart"  
 Director

Signed "Alex Stewart"  
 Director

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

**Baselode Energy Corp.**  
**(formerly Rider Investment Capital Corp.)**  
**Condensed Interim Statements of Net Loss and Comprehensive Loss**  
*(expressed in Canadian dollars)*

*(Unaudited)*

	Nine months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
<b>Expenses</b>				
Amortization <i>(note 5)</i>	\$ 20,088	\$ -	\$ 7,103	\$ -
Consulting and management fees <i>(note 11)</i>	299,658	27,450	177,002	20,000
Exploration expenses <i>(note 6, 11)</i>	3,180,110	1,564,489	1,252,056	278,876
Office, rent and general <i>(note 11)</i>	16,185	11,038	5,497	1,263
Professional fees <i>(note 11)</i>	37,789	88,571	5,645	2,029
Share-based compensation <i>(note 10)</i>	1,272,466	198,000	-	-
Transfer agent, filing fees and shareholder communications	210,580	132,334	113,244	26,628
Total expenses	5,036,876	2,021,882	1,560,547	328,796
<b>Loss from operations for the period</b>	<b>(5,036,876)</b>	<b>(2,021,882)</b>	<b>(1,560,547)</b>	<b>(328,796)</b>
Flow-through share premium renunciation <i>(note 9, 12)</i>	296,454	40,667	28,001	40,667
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (4,740,422)</b>	<b>\$ (1,981,215)</b>	<b>\$ (1,532,546)</b>	<b>\$ (288,129)</b>
<b>Net loss per share</b>				
Basic and diluted	\$ (0.09)	\$ (0.14)	\$ (0.03)	\$ (0.02)
Weighted average shares outstanding - basic and diluted	53,786,695	13,847,285	53,786,695	13,847,285

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**Baselode Energy Corp.**  
**(formerly Rider Investment Capital Corp. – A Capital Pool Company)**  
**Condensed Interim Statements of Changes in Shareholders' Equity**

*(expressed in Canadian dollars)*

<i>(Unaudited)</i>	Share capital		Shares to be Issued	Share-based Payment Reserve	Deficit	Total
	Number of shares	Amount				
<b>Balance at December 31, 2019</b>	4,500,000	\$ 281,921	\$ -	\$ 46,924	\$ (120,439)	\$ 208,406
Loss for the period	-	-	-	-	(1,981,215)	(1,981,215)
Shares issued to acquire Mann Property	17,857,143	1,250,000	-	-	-	1,250,000
Shares issued on flow-through private placement	2,033,333	213,000	-	31,000	-	244,000
Premium allocated to flow-through shares	-	(40,667)	-	-	-	(40,667)
Shares issued on hard-dollar private placement	4,560,000	383,000	-	73,000	-	456,000
Finders' warrants issued	-	-	-	781	-	781
Share issuance costs	-	(41,268)	-	-	-	(41,268)
Share-based payments	-	-	-	198,000	-	198,000
Shares to be issued	-	-	110,832	-	-	110,832
<b>Balance at September 30, 2020</b>	28,950,476	\$ 2,045,986	\$ 110,832	\$ 349,705	\$ (2,101,654)	\$ 404,869
Loss for the period	-	-	-	-	(604,089)	(604,089)
Shares issued to acquire Mann Property	-	249,029	-	-	-	249,029
Shares issued on flow-through private placement	16,521,664	4,633,933	-	844,000	-	5,477,933
Premium allocated to flow-through shares	-	(301,700)	-	-	-	(301,700)
Shares issued on hard-dollar private placement	3,779,336	748,077	-	279,000	-	1,027,077
Finders' warrants issued	-	-	-	145,013	-	145,013
Share issuance costs	-	(422,353)	-	(98,036)	-	(520,389)
Stock options exercised	370,000	64,698	-	(27,698)	-	37,000
Warrants exercised	629,333	116,823	-	(18,943)	-	97,880
Shares to be issued	-	-	(110,832)	-	-	(110,832)
<b>Balance at December 31, 2020</b>	50,250,809	\$ 7,134,493	\$ -	\$ 1,473,041	\$ (2,705,743)	\$ 5,901,791
Loss for the period	-	-	-	-	(4,740,422)	(4,740,422)
Shares issued on flow-through private placement	13,297,498	5,376,800	-	1,006,000	-	6,382,800
Shares issued on hard-dollar private placement	2,548,684	1,030,368	-	193,000	-	1,223,368
Shares issued for consulting expense	200,000	118,000	-	-	-	118,000
Finders' warrants issued	-	-	-	158,530	-	158,530
Share issuance costs	-	(565,781)	-	(95,419)	-	(661,200)
Stock options exercised	350,000	48,588	-	(13,588)	-	35,000
Warrants exercised	3,048,853	985,711	-	(159,635)	-	826,076
Stock options granted	-	-	-	1,272,466	-	1,272,466
<b>Balance at September 30, 2021</b>	69,695,844	\$ 14,128,179	\$ -	\$ 3,834,395	\$ (7,446,165)	\$ 10,516,409

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**Baselode Energy Corp.**  
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**Condensed Interim Statements of Cash Flows**  
*(expressed in Canadian dollars)*

<i>(Unaudited)</i>	Nine months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
<b>Cash provided by (used in):</b>				
<b>Operating activities</b>				
Loss for the period	\$ (4,740,422)	\$ (1,981,215)	\$ (1,532,546)	\$ (288,129)
Items not involving cash				
Amortization	20,088	-	7,103	-
Share-based compensation	1,272,466	198,000	-	-
Shares issued for exploration expenses	-	1,250,000	-	-
Shares issued for consulting expenses	118,000	-	118,000	-
Flow-through share premium renunciation	(296,454)	(40,667)	(28,001)	(40,667)
Changes in non-cash working capital items				
Amounts receivable	10,000	-	-	-
Prepaid expenses	(150,176)	-	(194,866)	-
GST/HST receivable	(205,974)	(23,477)	(87,279)	(11,986)
Accounts payable and accrued liabilities	802,074	107,971	873,630	58,946
<b>Net cash (used in) by operating activities</b>	<b>(3,170,398)</b>	<b>(489,388)</b>	<b>(843,959)</b>	<b>(281,836)</b>
<b>Financing activities</b>				
Issue of common shares and warrants	7,606,168	700,000	7,606,168	-
Share issue costs	(502,670)	(40,487)	(502,670)	-
Shares to be issued	-	110,832	-	110,832
Stock options exercised	35,000	-	-	-
Warrants exercised	826,076	-	258,650	-
Advances from related parties	-	667	-	(81,394)
<b>Net cash provided by financing activities</b>	<b>7,964,574</b>	<b>771,012</b>	<b>7,362,148</b>	<b>29,438</b>
<b>Investing activities</b>				
Purchases of equipment	(12,490)	-	(4,074)	-
Advances to related party	(14,119)	(7,612)	(5,856)	(7,612)
<b>Net cash (used in) investing activities</b>	<b>(26,609)</b>	<b>(7,612)</b>	<b>(9,930)</b>	<b>(7,612)</b>
<b>Net increase in cash</b>	<b>4,767,567</b>	<b>274,012</b>	<b>6,508,259</b>	<b>(260,010)</b>
<b>Cash, Beginning of Period</b>	<b>6,240,023</b>	<b>220,265</b>	<b>4,499,331</b>	<b>754,287</b>
<b>Cash, End of Period</b>	<b>\$ 11,007,590</b>	<b>\$ 494,277</b>	<b>\$ 11,007,590</b>	<b>\$ 494,277</b>

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

**Baselode Energy Corp.**  
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**Notes to Condensed Interim Financial Statements - unaudited**  
**For the nine months ended September 30, 2021 and 2020**  
(amounts in Canadian dollars)

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**1. NATURE OF OPERATIONS**

Baselode Energy Corp. (Formerly Rider Investment Capital Corp.) (the “Company” or “Baselode”) was incorporated under the Alberta Business Corporations Act on January 30, 2018 and was a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange.

The Company issued 2,500,000 common shares for an amount of \$250,000, and on April 23, 2018, the Company’s prospectus for an Initial Public Offering of the Company’s common shares was accepted by the regulatory authorities. The Initial Public Offering closed on May 18, 2018 and the total of 2,500,000 common shares were issued at a price of \$0.10 per common share.

On June 10, 2020, the Company closed an agreement to acquire the Mann Mine from QC Copper and Gold Inc. (“QC Copper”) (previously named PowerOre Inc.), a company listed on the TSX Venture Exchange. The purchase was an arm’s length transaction and a part of and conditional upon the Company’s qualifying transaction for the Company’s full listing on the TSX Venture Exchange. On June 10, 2020, the Company began trading under the symbol “FIND” and concurrently changed its name to Baselode Energy Corp.

Baselode’s principal business is the acquisition and exploration of mineral properties. To date, the Company has not earned any revenue as it is in the exploration stage. The Company’s head office is located at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7.

**2. GOING CONCERN**

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown as exploration and evaluation assets is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company’s exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company’s property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company raised funds during the year ended December 31, 2020 and utilized these funds for its exploration programs and working capital requirements. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations. Management is also closely evaluating the impact of COVID-19 on the Company’s business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements.

As at September 30, 2021, the Company had working capital of \$10,403,397 (December 31, 2020 - \$5,781,181), and an accumulated deficit of \$7,446,165 (December 31, 2020 - \$2,705,743). The Company has no proven history of performance, earnings or success.

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**For the nine months ended September 30, 2021 and 2020**  
(amounts in Canadian dollars)

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**2. GOING CONCERN (cont'd)**

Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful. These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes 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. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements. Such adjustments could be material.

The financial statements were authorized for issue on November 29, 2021 by the directors of the Company

**3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

***Statement of compliance***

The condensed interim financial statements for the nine months ended September 30, 2021 were prepared in accordance with IAS 34 International Accounting Standard – “Interim Financial Reporting” (IAS 34) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) have been condensed or omitted. The significant judgments made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Corporation’s audited annual financial statements for the year ended December 31, 2020, except as disclosed under changes to significant accounting policies, and should be read in conjunction with those financial statements. Actual results may differ from estimated results due to differences between estimated or anticipated events and actual events and results.

***Basis of presentation***

The financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, except for certain financial instruments which are measured at fair value, as explained in the accounting policies.

***Functional and presentation currency***

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company’s functional and presentation currency. The Company does not have any significant expenditures in foreign currencies.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

***Significant accounting judgements, estimates and assumptions***

The preparation of these financial statements requires management to make estimates 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. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Such estimates and assumptions affect the carrying value of assets, the determination of impairment charges of non-current assets, and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of share-based payments, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

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**Notes to Condensed Interim Financial Statements - unaudited**  
**For the nine months ended September 30, 2021 and 2020**  
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**3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

*(a) Estimation of decommissioning and restoration costs and timing of expenditure*

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

*(b) Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

*(c) Share-based payments and warrants*

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

*(d) Contingencies – Refer to Note 13*

**Exploration and evaluation expenditures**

Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

Government tax credits are recorded as a reduction to exploration expense.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

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**3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

***Impairment of non-financial assets***

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

***Share-based payments***

The Company has adopted an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments issued at the grant date. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates market and vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The share-based payment reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in share-based payment reserve.

***Loss per share***

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the periods ended September 30, 2021 and 2020.

***Financial instruments***

Financial assets

*Initial recognition and measurement*

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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**3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

*Subsequent measurement – Financial assets at amortized cost*

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statements of net loss. The Company's cash is measured at amortized cost.

*Subsequent measurement - Financial assets at FVPL*

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company has no assets classified as financial assets at FVPL.

*Subsequent measurement - Financial assets at FVOCI*

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss

*Derecognition*

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

*Impairment of financial assets*

The Company's has no financial assets subject to impairment.

Financial liabilities

*Initial recognition and measurement*

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

*Subsequent measurement - financial liabilities at amortized cost*

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of net loss.

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**3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

***Financial instruments fair value hierarchy***

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

***Equipment***

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Amortization is provided at rates calculated to write off the equipment, less their estimated residual value, using the declining balance method over their expected useful lives, at the following annual rates.

<b>Class</b>	<b>Amortization rate</b>
Automotive equipment	30%
Computer equipment	30%
Mining equipment	20%

***Income tax***

Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***Flow-through share issuances***

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act ("Tax Act"). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses as defined in the Tax Act.

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**3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)**

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a flow-through share premium liability. As expenditures are incurred and applied against the Company's associated flow-through commitment, the premium liability is reduced proportionately, charged as a recovery in operations.

***Asset retirement obligations ("ARO")***

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss. The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at September 30, 2021 and December 31, 2020.

**4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS**

During the period ended September 30, 2021, the Company adopted a number of amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is assessing the impact of the below of the below pronouncements on its financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities

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**4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (cont'd)**

required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

**5. EQUIPMENT**

	Computer equipment	Automotive equipment	Mining equipment	Total
<b>Cost</b>				
Balance, December 31, 2019	\$ -	\$ -	\$ -	\$ -
Additions	3,263	12,185	119,421	134,869
Balance, December 31, 2020	3,263	12,185	119,421	134,869
Additions	4,076	3,200	5,216	12,492
Balance, September 30, 2021	7,339	15,385	124,637	147,361
<b>Accumulated amortization</b>				
Balance, December 31, 2019	\$ -	\$ -	\$ -	\$ -
Amortization	489	1,828	11,942	14,259
Balance December 31, 2020	489	1,828	11,942	14,259
Amortization	1,236	2,690	16,163	20,089
Balance September 30, 2021	1,725	4,518	28,105	34,348
<b>Net book value, December 31, 2020</b>	<b>\$ 2,774</b>	<b>\$ 10,357</b>	<b>\$ 107,479</b>	<b>\$ 120,610</b>
<b>Net book value, September 30, 2021</b>	<b>\$ 5,614</b>	<b>\$ 10,867</b>	<b>\$ 96,532</b>	<b>\$ 113,013</b>

**6. EXPLORATION EXPENSES**

The following are details of the Company's exploration and evaluation expenses for the periods ended September 30:

	2021	2020	Cumulative Since Property Inception
Mann property, Ontario	\$ -	\$ 1,253,000	\$ 1,502,029
Shadow, Hook and Catharsis properties, Saskatchewan	3,180,109	311,489	3,531,860
	<b>\$ 3,180,109</b>	<b>\$ 1,564,489</b>	<b>\$ 5,033,889</b>

**Mann Property**

The Company has 100% ownership of the Mann Silver-Cobalt Mine property which is in the Shining Tree district of Ontario. The Mann Property consists of 18 contiguous mining claims and the property is subject to various NSR ranging from 2% to 4% with rights to buyback of 1% of the NSR. The property was acquired as part of the qualifying transaction whereby the Company issued 17,857,143 common shares at an estimated valuation of \$1,499,029 as consideration. The value of share consideration was based on the price of shares issued pursuant to the June 3, 2020 private placement. See note 10.

**Shadow Property**

In June 2020, the Company acquired 100% ownership of the Shadow Uranium Property in the Athabasca Basin area of northern Saskatchewan, Canada. The property was acquired at the original staking cost of \$25,113 from a director of the Company and is free of any option agreement or underlying royalties.

**Hook Property**

In July 2020, the Company acquired 100% ownership of the Hook Uranium Property in the Athabasca Basin

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**6. EXPLORATION EXPENSES (cont'd)**

area of northern Saskatchewan, Canada. The property was acquired at the original staking cost of \$17,962 from a director of the Company and is free of any option agreement or underlying royalties. During the period ended September 30, 2021, the Company acquired additional property at the original staking cost of \$7,192 from a director of the Company and is free of any option agreement or underlying royalties

**Catharsis Property**

In March 2021, the Company acquired 100% ownership of the Catharsis Uranium Property in the Athabasca Basin area of northern Saskatchewan, Canada. The property was acquired at the original staking cost of \$49,805 from a director of the Company and is free of any option agreement or underlying royalties.

**7. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

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 periods ended September 30, 2021 and 2020. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

**8. FINANCIAL RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Fair value of financial instruments***

The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. As at September 30, 2021 and December 31, 2020, the Company has no financial instruments to classify in the fair value hierarchy. The fair value of the Company's financial instruments approximate their carrying amount given their short term nature.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. GST/HST receivable is due from the Government of Canada and the Company believes the risk of loss related to these is remote. The Company's exposure to credit risk is on its cash held in bank accounts. Cash is held with major banks in Canada. Management assesses credit risk of cash as remote.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

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**8. FINANCIAL RISK MANAGEMENT (cont'd)**

***Currency and interest rate risk***

The Company is not exposed to any significant foreign exchange risk or interest rate risk.

***Classification of financial instruments***

Financial assets included in the statement of financial position are as follows:

	September 30, 2021	December 31, 2020
Financial assets at amortized costs:		
Cash	\$ 11,007,590	\$ 6,240,023
Due from related party	29,717	15,598
Amounts receivable	692	10,692
	<u>\$ 11,037,999</u>	<u>\$ 6,266,313</u>

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2021	December 31, 2020
Financial liabilities at amortized costs:		
Accounts payable and accrued liabilities	\$ 1,084,700	\$ 282,626
	<u>\$ 1,084,700</u>	<u>\$ 282,626</u>

**9. FLOW-THROUGH SHARE PREMIUM LIABILITY**

The issuance of flow-through common shares requires the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. As expenditures are incurred, the flow-through share premium liability is reversed. At September 30, 2021, the flow-through share premium liability was \$Nil (December 31, 2020 - \$296,454). During the period ended September 30, 2021, the Company recognized a flow-through share premium renunciation of \$296,454 (2020 - \$Nil) in the statement of loss.

**10. SHARE CAPITAL**

***Authorized share capital***

Unlimited number of voting common shares without par value.

***Issued share capital***

(a) On June 10, 2020, the Company completed a non-brokered flow-through private placement of 2,033,333 units at a price of \$0.12 per unit, to raise proceeds of \$244,000. Each unit consists of one flow-through common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at \$0.17 per share, until June 3, 2022. The valuation of the warrants was estimated in the amount of \$31,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for a non-brokered hard dollar private placement of 4,560,000 units at a price of \$0.10 per unit, to raise proceeds of \$456,000. Each unit consists of one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase one additional common share, at \$0.15 per share, until June 3, 2022. The valuation of the warrants was estimated in the amount of \$73,000 using the Black-Scholes option pricing model. Total aggregate private placement proceeds were \$700,000. In connection with the private placements, the Company incurred cash finders' fees, legal fees and corporate finance fees of \$12,720 and also issued 102,833 finders' warrants to acquire shares at \$0.10 per share until December 3, 2021. The fair value of the finders' warrants was estimated at \$2,394 using the Black-Scholes option pricing model.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.32%, share price of \$0.08 and an expected life ranging from 1.5 to 2 years.

(b) On June 3, 2020, the Company closed an agreement to acquire the Mann Mine from QC Copper and Gold Inc., a company listed on the TSX Venture Exchange. In exchange for QC Copper and Gold Inc.'s 100% interest in the

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**10. SHARE CAPITAL (cont'd)**

Mann Mine, the Company issued 17,857,143 shares at an estimated valuation of \$1,499,029 based on the price of shares issued pursuant to the June 3, 2020 private placement. The Company incurred \$27,767 in legal costs with respect to the transaction.

(c) On October 16, 2020, the Company completed a private placement totaling \$3,000,010. It consisted of 8,076,664 flow-through units at a price of \$0.26 per unit for gross proceeds of \$2,099,933, where each unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.40 until April 16, 2023. The valuation of the warrants was estimated in the amount of \$302,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for 3,461,836 hard-dollar units at a price of \$0.26 per unit for gross proceeds of \$900,077, where each unit consists of one common share and one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.40 until April 16, 2023. The valuation of the warrants was estimated in the amount of \$259,000 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 698,588 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of \$0.26 until October 16, 2022. The valuation of the finders' warrants was estimated in the amount of \$56,900 using the Black-Scholes option pricing model. Also, in connection with financing the Company incurred cash finders' fees, legal expenses and other financing costs of \$182,632.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.235%, share price of \$0.19 and an expected life ranging from 2 to 2.5 years.

(d) On December 14, 2020, the Company completed a private placement totaling \$3,505,000. It consisted of 8,445,000 flow-through units at a price of \$0.40 per unit for gross proceeds of \$3,378,000, where each unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.60 until December 14, 2022. The valuation of the warrants was estimated in the amount of \$542,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for 317,500 hard-dollar units at a price of \$0.40 per unit for gross proceeds of \$127,000, where each unit consists of one common share and one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.60 until December 14, 2022. The valuation of the warrants was estimated in the amount of \$20,000 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 536,779 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of \$0.40 until December 14, 2022. The valuation of the finders' warrants was estimated in the amount of \$86,500 using the Black-Scholes option pricing model. Also, in connection with financing the Company incurred cash finders' fees, legal expenses and other financing costs of \$220,512.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.25%, share price of \$0.34 and an expected life of 2 years.

(e) On August 30, 2021, the Company completed a private placement totaling \$3,661,298. It consisted of 7,627,704 flow-through units at a price of \$0.48 per unit for gross proceeds of \$3,661,298, where each unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.75 until August 30, 2023. The valuation of the warrants was estimated in the amount of \$577,000 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 533,779 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of \$0.75 until August 30, 2022. The valuation of the finders' warrants was estimated in the amount of \$80,793 using the Black-Scholes option pricing model. Also, in connection with financing the Company incurred cash finders' fees of \$256,291.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.43%, share

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**10. SHARE CAPITAL (cont'd)**

price of \$0.40 and an expected life of 2 years.

(f) On September 28, 2021, the Company completed a private placement totaling \$3,944,870. It consisted of 5,669,796 flow-through units at a price of \$0.48 per unit for gross proceeds of \$2,721,502, where each unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.75 until September 28, 2023. The valuation of the warrants was estimated in the amount of \$429,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for 2,548,684 hard-dollar units at a price of \$0.48 per unit for gross proceeds of \$1,223,368, where each unit consists of one common share and one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.75 until September 28, 2023. The valuation of the warrants was estimated in the amount of \$193,000 using the Black-Scholes option pricing model. In connection with the financing, the Company has issued 513,291 finders' warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of \$0.75 until September 28, 2023. The valuation of the finders' warrants was estimated in the amount of \$77,737 using the Black-Scholes option pricing model. Also, in connection with financing the Company incurred cash finders' fees and other financing costs of \$246,380.

The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100% based on comparable entities, risk free interest rate of 0.50%, share price of \$0.40 and an expected life of 2 years.

**Warrants**

A summary of the changes in the Company's warrants is set out below:

	September 30, 2021			December 31, 2020	
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	16,139,453	\$ 0.40	2.00	250,000	\$ 0.10
Warrants issued - flow-through dollar financing	6,648,750	0.75	1.95	9,279,999	0.47
Warrants issued - hard-dollar financing	1,274,342	0.75	1.99	5,900,587	0.31
Finders' warrants issued	1,047,230	0.75	1.95	1,338,200	0.31
Warrants exercised	(3,048,853)	(0.22)	(1.18)	(629,333)	(0.16)
Warrants outstanding, end of period	22,060,922	\$ 0.56	1.31	16,139,453	\$ 0.40

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**10. SHARE CAPITAL (cont'd)**

As at September 30, 2021, the following warrants were outstanding:

Number of warrants outstanding	Exercise Price	Expiry Date
20,805	\$0.10	December 3, 2021
250,000	\$0.10	June 10, 2022
540,000	\$0.17	June 3, 2022
730,000	\$0.15	June 3, 2022
512,704	\$0.26	October 16, 2022
4,225,000	\$0.60	December 14, 2022
158,750	\$0.60	December 14, 2022
501,779	\$0.40	December 14, 2022
3,473,187	\$0.40	April 16, 2023
2,678,375	\$0.40	April 16, 2023
3,813,852	\$0.75	August 30, 2023
533,939	\$0.75	August 30, 2023
2,834,898	\$0.75	September 28, 2023
1,274,342	\$0.75	September 28, 2023
513,291	\$0.75	September 28, 2023
22,060,922	\$0.56	

***Stock options***

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding shares. Otherwise specified otherwise by the Board of Directors options vest on the date of grant.

On June 4, 2020, the Company granted 4,100,000 stock options to directors and officers of the Company. Each option, vested immediately and is exercisable to acquire one common share at a price of \$0.10 and a term of 5 years. These options vested immediately. The total fair value of \$198,000 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.48%, an expected volatility of 100% based on comparable entities, share price of \$0.07 and expected dividend yield of rate of 0%. The granting of these options resulted in a share-based payment expense of \$198,000 being recorded during the period ended September 30, 2020.

On June 10, 2021, the Company granted 3,00,050 stock options to directors and officers of the Company. Each option, vested immediately and is exercisable to acquire one common share at a price of \$0.56 and a term of 5 years. These options vested immediately. The total fair value of \$198,000 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.82%, an expected volatility of 100% based on comparable entities, share price of \$0.57 and expected dividend yield of rate of 0%. The granting of these options resulted in a share-based payment expense of \$1,272,466 being recorded during the period ended September 30, 2021.

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**10. SHARE CAPITAL (cont'd)**

A summary of the changes in the Company's stock options is set out below:

	September 30, 2021			December 31, 2020	
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Options outstanding, beginning of period	4,180,000	\$ 0.10	4.39	450,000	\$ 0.10
Options granted	3,000,000	0.56	4.69	4,100,000	0.10
Options exercised	(350,000)	(0.10)	(3.93)	(370,000)	(0.10)
Options outstanding, end of period	6,830,000	\$ 0.30	4.10	4,180,000	\$ 0.10
Options exercisable, end of period	6,830,000	\$ 0.30	4.10	4,180,000	\$ 0.10

The following incentive stock options were outstanding and exercisable at September 30, 2021

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
80,000	80,000	\$ 0.10	May 18, 2023
3,750,000	3,750,000	\$ 0.10	June 4, 2025
3,000,000	3,000,000	\$ 0.56	June 10, 2026
6,830,000	6,830,000	\$ 0.30	

The weighted average fair value of the grants in the period ended September 30, 2021 was \$0.42 (2020 - \$0.05) per share.

**Share-based payment reserve**

A summary of the changes in the Company's share-based payment reserve is set out below:

	September 30, 2021	December 31, 2020
Balance – beginning of period	\$ 1,473,041	\$ 46,924
Value of warrants issued on hard-dollar private placements	193,000	352,000
Value of warrants issued on flow-through private placements	1,006,000	875,000
Value of finders' warrants	158,530	145,794
Share issuance costs	(95,419)	(98,036)
Warrants exercised	(159,635)	(18,943)
Stock options exercised	(13,588)	(27,698)
Share-based payments	1,272,466	198,000
Balance – end of period	\$ 3,834,395	\$ 1,473,041

**11. RELATED PARTY TRANSACTIONS**

**Key management personnel compensation**

Key management includes directors and officers. Unless disclosed elsewhere, related party transactions for the period ended September 30, include:

	2021	2020
Management and consulting fees	\$ 232,500	\$ 18,750
Geological exploration and acquisition costs included in exploration expenses	76,284	45,549
	\$ 308,784	\$ 64,299

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**11. RELATED PARTY TRANSACTIONS (cont'd)**

The following are the balances due from related party as at:

	September 30, 2021	December 31, 2020
Due from Standard Ore Corporation	\$ 29,717	\$ -

Standard Ore Corporation ("Standard Ore") is a private company incorporated in Ontario and is controlled by a director of the Company. Standard Ore provides corporate, consulting and premises rental services to the Company. The Company incurred \$6,741 (2020 - \$6,348) in rental expenses, \$10,000 (2020 - \$Nil) in expenses for consulting and management fee services and \$19,500 (2020 - \$Nil) in expenses for CFO services during the period ended September 30, 2021. The balance receivable is unsecured, non-interest bearing and due on demand.

Accounts payable and accrued liabilities at September 30, 2021 includes \$Nil (December 31, 2020 - \$984) owing to officers, directors and companies controlled by officers and directors.

During the period ended September 30, 2021, the Company incurred legal expenses of \$Nil (2020 - \$80,139) and share issue costs of \$Nil (2020 - \$27,767) with a law firm in which a former director is a partner.

During the year ended December 31, 2020, related parties subscribed for a total of 309,308 common shares for aggregate gross proceeds of \$68,592.

The amounts payable to related parties are unsecured, non-interest bearing with no fixed terms of repayment. See note 6 and note 10.

**12. COMMITMENTS AND CONTINGENCIES**

(i) During 2020, the Company received \$5,721,933 from the issue of flow-through shares. The Company also received \$6,382,800 flow through shares in 2021. Through September 30, 2021, the Company expended \$3,403,619 in eligible exploration expenditures and, as a result is committed to spend a further \$2,318,312 by December 31, 2022 and \$6,382,800 by December 31, 2023.

The Company has indemnified the subscribers of the flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

On July 10, 2020, the Department of Finance Canada announced a proposal to extend the time that issuers of "flow-through shares" have to incur eligible expenditures by 12 months. This extension applies to issuers with operations that have been impacted by COVID-19 and should provide relief to mining companies that have had to change or halt their operations due to the pandemic. The legislation to effect this extension has not yet been passed.

(ii) The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made and expects to make in the future, expenditures to comply with such laws and regulations.

(iii) Since March 31, 2020, the COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of

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**12. COMMITMENTS AND CONTINGENCIES (cont'd)**

governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

**13. EVENTS SUBSEQUENT TO PERIOD END**

(a) Subsequent to September 30, 2021, 3,718,624 warrants were exercised for proceeds of \$1,659,489.

(b) Subsequent to September 30, 2021, 775,000 stock options were exercised for proceeds of \$273,000.

(c) The Company has entered into a bought-deal private placement for an aggregate of 6,957,000 units of the Company at a price of \$1.15 per share for gross proceeds of \$8,000,550. In addition, the arrangement contains an option for a further 1,043,550 units. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant will be exercisable into one additional common share of the Company for 30 months from the closing date at an exercise price of C\$1.60. The financing is expected to close on November 30, 2021.