



Kintavar Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

Nine months ended September 30, 2021

The attached financial statements have been prepared by Management of Kintavar Exploration Inc. and have not been reviewed by the auditors

Kintavar Exploration Inc.

Consolidated Statements of Financial Position
(Unaudited, in Canadian Dollars)

	Note	As at September 30, 2021 \$	As at December 31, 2020 \$
Assets			
Current assets			
Cash and cash equivalents	4	1,998,732	3,643,175
Receivables	5	976,774	694,049
Inventory		37,037	27,804
Investments		-	150,000
Prepaid expenses		183,016	119,267
Current assets		3,195,559	4,634,295
Non-current assets			
Exploration and evaluation assets	7	2,508,905	2,569,990
Investment in listed companies	6	75,750	28,500
Property and equipment	8	4,402,981	2,788,446
Non-current assets		6,987,636	5,386,936
Total assets		10,183,195	10,021,231
Liabilities			
Current liabilities			
Bank overdraft		-	6,794
Trade and other payables	9	721,428	239,398
Deferred revenues		647,101	9,381
Long-term debt	12	88,672	93,768
Lease obligations	10	253,754	-
Liability related to the premium on flow-through shares	11	-	212,745
Current liabilities		1,710,955	562,086
Non-current liabilities			
Deferred tax liability		43,010	43,010
Long-term debt	12	1,004,992	1,068,124
Non-current liabilities		1,048,002	1,111,134
Total liabilities		2,758,957	1,673,220
Equity			
Share capital	13	18,514,250	18,499,250
Warrants	14	-	-
Broker warrants	15	10,020	10,020
Stock options	16	1,818,527	1,719,814
Contributed Surplus		1,303,569	1,300,956
Deficit		(14,222,128)	(13,182,029)
Total equity		7,424,238	8,348,011
Total liabilities and equity		10,183,195	10,021,231

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

Kintavar Exploration Inc.

Consolidated Statements of Loss and Comprehensive Loss (Unaudited, in Canadian Dollars)

	Note	Three months ended September 30		Nine months ended September 30	
		2021	2020	2021	2020
		\$	\$		
Project management fees		4,238	-	80,338	-
Sales		760,933	345,986	1,362,479	905,759
Income		765,171	345,986	1,442,817	905,759
Operating expenses					
Exploration and evaluation, net of tax credits	17	397,653	101,824	736,825	589,328
Costs of products sold		257,949	87,377	511,927	323,771
Salaries and benefits		337,612	198,001	692,077	483,736
Share-based compensation		54,973	25,871	101,326	162,294
Professional fees		3,214	2,140	62,761	78,400
Advertising, conference and investor relations		28,382	9,329	51,263	126,388
General expenses and maintenance		81,954	48,820	254,417	128,604
Administration		34,283	19,771	85,060	62,151
Filing fees		9,123	4,447	34,144	19,414
Rent		1,850	5,550	7,400	8,325
Insurance and taxes		16,535	16,074	38,982	39,048
Depreciation of property and equipment		85,129	51,453	208,874	157,274
Operating loss		(543,486)	(224,671)	(1,342,239)	(1,272,974)
Other income (expenses)					
Interest income		3,607	6,143	12,360	39,490
Finance costs		(26,243)	(21,753)	(56,333)	(75,563)
Other revenue (expenses)		(3,507)	-	83,705	-
Gain on disposal of exploration and evaluation assets		75,375	14,953	75,375	14,953
Unrealized loss in fair value of an investment in listed companies		(26,300)	(7,500)	(30,800)	(7,500)
Gains on disposal of property and equipment		-	1,500	5,000	1,500
		22,932	(6,657)	89,307	(27,120)
Net loss before income taxes		(520,554)	(231,328)	(1,252,932)	(1,300,094)
Current taxes		(88)	-	(88)	90
Deferred income taxes recovery	11	(67,290)	-	(212,745)	(99,000)
Net loss and comprehensive loss		(453,176)	(231,328)	(1,040,099)	(1,201,184)
Basic and diluted loss per share		(0.004)	(0.002)	(0.010)	(0.013)
Weighted average number of basic and diluted outstanding shares		105,969,351	91,199,324	105,942,687	91,199,324

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

Kintavar Exploration Inc.

Consolidated Statements of Changes in Equity

(Unaudited, in Canadian Dollars)

	Note	Number of shares outstanding	Capital Stock	Broker Warrants	Stock Options	Contributed surplus	Deficit	Total equity
			\$	\$	\$	\$	\$	\$
Balance as at January 1, 2021		105,929,134	18,449,250	10,020	1,719,814	1,300,956	(13,182,029)	8,348,011
Loss and comprehensive loss for the period		-	-	-	-	-	(1,040,099)	(1,040,099)
Stock-based compensation		-	-	-	101,326	-	-	101,326
Exercised warrants	14	100,000	15,000					15,000
Expired options	16	-	-	-	(2,613)	2,613	-	-
Balance as at September 30, 2021		106,029,134	18,514,250	10,020	1,818,527	1,303,569	(14,222,128)	7,424,238

	Note	Number of shares outstanding	Capital Stock	Warrants	Broker Warrants	Stock Options	Contributed surplus	Deficit	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2020		91,199,324	17,391,097	1,040,101	40,830	1,648,054	87,155	(11,679,027)	8,528,210
Loss and comprehensive loss for the period		-	-	-	-	-	-	(1,201,184)	(1,201,184)
Stock-based compensation		-	-	-	-	162,294	-	-	162,294
Expired options		-	-	-	-	(104,540)	104,540	-	-
Expired warrants		-	-	(1,040,101)	-	-	1,040,101	-	-
Expired broker warrants		-	-	-	(40,830)	-	40,830	-	-
Balance as of September 30, 2020		91,199,324	17,391,097	-	-	1,705,808	1,272,626	(12,880,211)	7,489,320

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

Kintavar Exploration Inc.

Consolidated Statements of Cash Flows

(Unaudited, in Canadian Dollars)

		Nine months ended September 30	
	Note	2021 \$	2020 \$
Operating activities			
Net loss for the period		(1,040,099)	(1,201,184)
Adjustments for:			
Stock-based compensation		101,326	162,294
Accrued interest on investments		(5,282)	(24,178)
Depreciation of property and equipment		208,875	157,276
Unrealized loss in fair value of an investment in a listed company		30,800	7,500
Gain on disposal of exploration and evaluation assets		(76,242)	(14,953)
Deferred income tax recovery		(212,745)	(99,000)
Gain on disposal of property, plant and equipment		(5,000)	(1,500)
Accretion of the long-term debt		3,250	552
Change in non-cash working capital items	18	769,325	182,065
Cash flows used in operating activities		(225,792)	(831,128)
Investing activities			
Disposal and payment of investments at maturity		150,000	-
Additions of exploration and evaluation assets		(15,723)	(6,437)
Option payment received on exploration and evaluation assets		75,000	75,000
Acquisition of property and equipment		(1,392,457)	(145,196)
Proceeds from sale of property and equipment		5,000	1,500
Cash flows used in investing activities		(1,178,180)	(75,133)
Financing activities			
Reduction in bank overdraft		(6,794)	(24,952)
Exercise of warrants		15,000	-
Repayment of obligations under financial leases		(177,199)	(10,281)
Increase in long-term debt		-	26,262
Repayment of long-term debt		(71,478)	(35,179)
Cash flows used in financing activities		(240,471)	44,150
Net change in cash and cash equivalents		(1,644,443)	(950,411)
Cash and cash equivalents - beginning		3,643,175	4,106,580
Cash and cash equivalents - ending		1,998,732	3,156,169

Transactions with no effect on cashflow (note 18)

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

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS

Kintavar Exploration Inc. (the "Corporation") was formed on March 24, 2017 upon the issuance of an amalgamation certificate under the *Business Corporations Act* (Quebec) and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation's class A common shares ("Shares") are listed on the TSX Venture Exchange (the "Exchange") under the symbol KTR. The address of the Corporation's registered office and principal place of business is 75, boul. de Mortagne, Boucherville, Quebec, Canada, J4B 6Y4.

The Corporation has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the ability of the Corporation to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

The present audited financial statements (the "Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing the validity of the principle of continuity of operations, management takes into account all available data regarding the future, which represents at least, but not limited to, the twelve months following the end of the presentation period. As at September 30, 2021, the Corporation reported a net loss of \$1,040,099 (\$1,201,184 as of September 30, 2020) and has an accumulated deficit of \$14,222,128. As at September 30, 2021, the Corporation had a working capital of \$1,484,604 (\$4,072,209 as at December 31, 2020).

Management of the Corporation believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve (12) months as they fall due. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation.

2. BASIS OF PRESENTATION

These Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year.

The Board of Directors has approved the Financial Statements on November 26, 2021.

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended December 31, 2020, except for the following:

Fixed assets

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Right-of-use assets	Linear over the estimated lifespan of the underlying asset (in this case, 10 years)
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4. CASH AND CASH EQUIVALENTS

The short-term investments held as at September 30, 2021 and classified as cash equivalents are as follows:

- Guaranteed investment certificates totaling \$1,999,800 with rates from 0.65% to 0.90% and expiring dates ranging from expiring October 1st, 2021 and November 17th, 2021. Interest and principal are cashable at any time.

The Corporation has the following credit facility:

- Operating line of credit, which provides for advances of up to \$50,000, bearing interest at the prime rate of financial institution plus 2.35% (effective rate of 4.80% as at September 30, 2021). As at September 30, 2021, the line of credit remains unused.

All funds raised during the flow-through financing of December 11, 2020 have been spent as at September 30, 2021. There is therefore no longer any liability related to the premium on flow-through shares as of this date.

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

5. RECEIVABLES

	As at September 30 2021	As at December 31 2020
	\$	\$
Accounts receivable	356,090	348,813
Sales tax receivable	66,005	14,808
Tax credits and mining rights receivable	547,445	244,567
Others	7,234	85,861
Montants à recevoir	976,774	694,049

6. INVESTMENT IN LISTED COMPANIES

The Corporation holds marketable securities. The investments are listed on the Exchange and valued at fair value based on quoted market prices.

The total amount of the investments can be summarized as follows:

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Gitennes Exploration Inc. – 450,000 common shares (300,000 common shares as at December 31, 2020)	24,750	28,500
Northern Superior Resources Inc. – 85,000 common shares (nil as at December 31, 2020) (note 7.1)	51,000	-
Investment in a listed Corporation	75,750	28,500

7. EXPLORATION AND EVALUATION ASSETS

Mining properties acquisition costs	As at Jan. 1, 2021	Additions	Impairment	Disposal	Payment on options	As at Sept. 30, 2021
	\$	\$	\$		\$	
Mitchi	921,463	7,773	-	-	-	929,236
Anik ¹	1,480,654	-	-	-	(75,000)	1,405,654
Rivière à l'aigle	105,144	-	-	-	-	105,144
Gaspard nord ²⁾	1,786	22	-	(1,808)	-	-
Cousineau	4,757	22	-	-	-	4,779
New Musher ¹⁾	-	-	-	-	-	-
Wabash	28,834	7,906	-	-	-	36,740
Baie Johann Beetz	27,352	-	-	-	-	27,352
	2,569,990	15,723	-	(1,808)	(75,000)	2,508,905

¹⁾ Option agreements are in effect on these properties. Refer to the consolidated annual financial statements of December 31, 2020 for more information.

²⁾ This property was sold on September 14, 2021. See 7.1 for more information.

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Mining properties acquisition costs	As at Jan. 1, 2020	Additions	Impairment	Payment on options	As at Dec. 31, 2020
	\$	\$	\$	\$	
Mitchi	940,364	3,787	(22,688) ¹⁾	-	921,463
Anik	1,555,654	-	-	(75,000)	1,480,654
Rivière à l'aigle	129,894	-	-	(24,750)	105,144
Gaspard nord	1,786	-	-	-	1,786
Cousineau	4,757	-	-	-	4,757
New Mosher	9,797	-	-	(9,797)	-
Wabash	26,184	2,650	-	-	28,834
Baie Johann Beetz	27,352	-	-	-	27,352
	2,695,788	6,437	(22,688)	(109,547)	2,569,990

¹⁾ Some claims were dropped, and the Corporation partially impaired the property.

7.1 Gaspard Nord

On September 14, 2021, the Corporation sold the 5 claims of its Gaspard-Nord property to Northern Superior Resources Inc. (SUP.V) in exchange for a total consideration of 85,000 shares in the equity of SUP.V (see note 6). Kintavar retains a 2 % net smelter return royalty subject to a 1% partial redemption right for a purchase price of CAD \$1,000,000.

At the date of the transaction, the value of the shares of Northern Superior Resources Inc. was \$0.83 for a total value of \$70,550. The difference between the consideration received and the value of the exploration and evaluation assets of the Gaspard Nord property has been recorded against exploration and evaluation expenses in the consolidated statement of losses and the balance as gains on disposal of exploration and evaluation assets in the consolidated statement of losses as well.

8. PROPERTY AND EQUIPMENT

	Net book value January 1, 2021	Additions	Disposal	Depreciation	Net book value September 30, 2021
	\$	\$	\$	\$	\$
Rolling stock	296,443	37,900	-	(52,664)	276,749
Right-of-use assets	-	673,653	-	(22,466)	651,287
Outfitter trails	71,575	-	-	(2,889)	68,686
Electric line	143,151	127,098	-	(6,837)	263,412
Spawning grounds	71,575	-	-	(2,889)	68,686
Equipment	385,340	125,901	-	(35,549)	475,692
Buildings	1,820,362	858,758	-	(80,651)	2,598,469
	2,788,446	1,823,410	-	(208,875)	4,402,981

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

8. PROPERTY AND EQUIPMENT (CONT'D)

	Net book value January 1, 2020	Additions	Disposal	Depreciation	Net book value December 31, 2020
	\$	\$	\$	\$	\$
Rolling stock	170,447	187,967	(9,651)	(52,320)	296,443
Right-of-use assets	1,098	-	-	(1,098)	-
Outfitter trails	75,427	-	-	(3,852)	71,575
Electric line	150,854	-	-	(7,703)	143,151
Spawning grounds	75,427	-	-	(3,852)	71,575
Equipment	402,330	26,185	-	(43,175)	385,340
Buildings	1,894,159	30,134	-	(103,931)	1,820,362
	2,769,742	244,286	(9,651)	(215,931)	2,788,446

	As at September 30, 2021		As at December 31, 2020	
	Cost	Accumulated Depreciation	Net book value	Net book value
	\$	\$	\$	\$
Rolling stock	401,017	(124,268)	276,749	296,443
Right-of-use assets	681,653	(30,366)	651,287	-
Outfitter trails	77,032	(8,346)	68,686	71,575
Electric line	281,161	(17,749)	263,412	143,151
Spawning grounds	77,032	(8,346)	68,686	71,575
Equipment	571,909	(96,217)	475,692	385,340
Buildings	2,816,608	(218,139)	2,598,469	1,820,362
	4,906,412	(503,431)	4,402,981	2,788,446

9. TRADE AND OTHER PAYABLES

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Trade payables and accrued liabilities	536,610	136,950
Due to Geomega Resources Inc.	-	14,250
Accrued salaries	97,017	36,040
Accrued vacations	77,033	39,825
Government remittances	10,768	12,333
Trade and other payables	721,428	239,398

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

10. LEASE OBLIGATION

	Nine months ended September 30, 2021	Year ended December 30, 2020
	\$	\$
Balance, beginning	-	-
New contract signed during period	430,953	-
Reimbursement of lease obligation	(177,199)	-
Balance	253,754	-
Current portion	(253,754)	-
Non-current portion	-	-

During fiscal 2021, the Corporation entered into a capital lease agreement to acquire dormitory trailers in order to support the increased demand for worker accommodation at the Fer à Cheval outfitter. The contract includes the addition of 22 "VIP" type rooms and 21 regular rooms payable in 12 monthly installments of \$36,800 starting in May 2021. At the end of the rental contract, the Corporation may purchase the facilities for the sum of \$1. Transportation, installation and other related costs were charged separately from the capital lease.

11. LIABILITY RELATED TO THE PREMIUM ON FLOW THROUGH SHARES

	Nine months ended September 30, 2021	Year ended December 30, 2020
	\$	\$
Balance, beginning	212,745	99,000
Addition, net of issue costs	-	218,245
Reduction related to qualifying exploration expenditures	(212,745)	(104,500)
Liability related to the premium on flow through shares	-	212,745

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

12. LONG-TERM DEBT

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at prime plus 1.75% (4.20% as at September 30, 2021). Interest and principal of \$2,778 are payable monthly, maturing in August 2034.	430,556	455,556
Term loan secured by a first mortgage on the present and future movable properties of the Corporation, on the current immovable properties and on the universality of the receivables as well as by a joint guarantee of the Corporation and its subsidiary. The loan bears interest at 6.55%. Interest is payable monthly, and the payment of principal begins in August 2020 until July 2035. The loan is payable through 180 installments of \$4,369.	476,206	491,709
Term loan secured by a first mortgage on certain equipment at a rate of 7.49% and payable in installments of \$1,079, maturing in November 2024.	36,417	43,852
Term loans engaged to finance rolling stock. These loans hold rates from 3.75% to 15.58%, are repayable in monthly installments totaling \$3,995 and maturing between November 2021 and September 2025.	76,256	97,271
Canadian Emergency Business Account (CEBA) received in the context of the outbreak of the COVID-19 pandemic. The loans bear no interest and the principal is payable in full by December 31, 2022.	74,229	73,504
Current portion	(88,672)	(93,768)
Long-term debt - non-current portion	1,004,992	1,068,124

13. EQUITY

The Corporation is authorized to issue an unlimited number of class A, B, C common shares and class A, B, C and D special shares. Only class A common shares ("Shares") are issued with the following restrictions and privileges: voting, participating with dividend as declared by the Board of Directors.

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

14. WARRANTS

Changes in the Corporation's warrants are as follows:

	Nine months ended June 30, 2021		2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning	3,556,250	0.15	8,899,091	0.70
Issued	-	-	3,566,250	0.15
Exercised	(100,000)	0.15	-	-
Expired	-	-	(8,899,091)	0.70
Balance, end	3,456,250	0.15	3,556,250	0.15

Warrants outstanding as at September 30, 2021 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
3,456,250	0.15	December 11, 2022
3,456,250		

15. BROKER WARRANTS

Changes in the Corporation's broker warrants are as follows:

	Nine months ended September 30, 2021		2020	
	Number of broker warrants	Weighted average exercise price	Number of broker warrants	Weighted average exercise price
		\$		\$
Balance, beginning	455,448	0.15	243,613	0.54
Issued	-	-	455,448	0.15
Expired	-	-	(243,613)	0.54
Balance, end	455,448	0.15	455,448	0.15

Broker warrants outstanding as at September 30, 2021 are as follows:

Number of broker warrants	Exercise price	Expiry date
	\$	
455,448	0.15	December 11, 2022
455,448		

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

16. STOCK OPTIONS

Changes in stock options are as follows:

	Nine months ended September 30, 2021		2020	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		\$		\$
Balance, beginning	8,972,500	0.28	8,287,500	0.32
Granted	1,590,000	0.17	1,515,000	0.10
Forfeited	(38,750)	0.11	(186,250)	0.16
Expired	(26,250)	0.14	(643,750)	0.30
Balance, end	10,497,500	0.24	8,972,500	0.28
Balance, end exercisable	8,203,750	0.30	7,576,250	0.32

Stock options outstanding as at September 30, 2021 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
1,092,500	1,092,500	0.14	March 23, 2022
150,000	150,000	0.14	December 29, 2022
200,000	50,000	0.16	May 27, 2023
25,000	6,250	0.17	June 10, 2023
4,775,000	4,775,000	0.40	June 27, 2023
400,000	400,000	0.35	September 17, 2023
100,000	100,000	0.17	December 10, 2023
920,000	920,000	0.17	June 20, 2024
1,370,000	685,000	0.10	June 29, 2025
100,000	25,000	0.09	December 15, 2025
1,365,000	-	0.17	June 10, 2026
10,497,500	8,203,750		

On June 10, 2021, the shareholders of the Corporation renewed the stock option plan which stipulates that the maximum number of ordinary shares in the capital of the Corporation that can be reserved for allotment under the plan is limited to 10% of the outstanding shares.

On May 27, 2021, the Corporation granted a consultant 200,000 stock options, priced at \$0.16, valid for 2 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.323%, expected volatility of 80.47%, no dividend per share and expected term of the options of 2 years. From the granting, options are earned in increments of 25% every 3 months.

On June 10, 2021, the Corporation granted 1,365,000 stock options to employees and directors, at a price of \$0.17, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.646%, expected volatility of 93.12%, no dividend per share and expected term of the options of 3.75 years.

Kintavar Exploration Inc.

Notes to Financial Statements

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16. STOCK OPTIONS (CONT'D)

On the same day, the Corporation granted a consultant 25,000 stock options, priced at \$0.17, valid for 2 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.319%, expected volatility of 80.53%, no dividend per share and expected term of the options of 2 years. From the granting, options are earned in increments of 25% every 3 months.

With the exception of options granted to consultants, all options granted have the same conditions. From the date of grant, the options are earned in increments of 25% every 6 months, are valid for 5 years and were granted at a value equal to or greater than that of the market at the close preceding the grant.

The expected duration of the stock purchase options has been estimated by considering comparable situations for companies similar to the Corporation. The expected volatility is determined by calculating the historical volatility of the price of the Corporation's common shares preceding the date of issue and for a period corresponding to the expected life of the options.

17. EXPLORATION AND EVALUATION EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$		
Salaries and benefits	266,798	111,181	419,321	312,156
Geology and prospecting	10,643	6,025	29,245	34,170
Drilling	-	-	-	144,303
Analysis	55,996	23,050	70,154	125,574
Geophysics	218,380	-	233,297	7,079
Geochemistry	-	-	3,905	-
Metallurgy	-	-	-	2,633
Lodging and travel	13,362	7,984	33,007	45,824
Supplies	74,406	42,657	191,127	84,461
Taxes, permits and insurance	841	1,551	10,533	3,376
Exploration and evaluation expenses before tax credits	640,426	192,448	990,589	759,576
Tax credits	(242,773)	(90,624)	(253,764)	(170,248)
Exploration and evaluation expenses	397,653	101,824	741,975	589,328

18. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	Nine months ending September 30	
	2021	2020
	\$	\$
Receivables	(277,443)	377,546
Inventory	(9,233)	48,084
Prepaid expenses and others	(63,749)	40,463
Trade and other payables	482,030	(325,097)
Deferred revenues	637,720	41,069
	769,325	182,065

Kintavar Exploration Inc.

Notes to Financial Statements

(Unaudited, in Canadian Dollars)

18. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS (CONT'D)

Transactions with no effect of cash flow

	Nine months ending September 30,	
	2021	2020
	\$	\$
Sale of an exploration and evaluation asset for shares of a listed company	1,808	-
Collection of an option payment on an exploration and evaluation asset in shares of a listed company	-	34,547
Acquisition of property and equipment financed through lease agreements	430,953	-

19. SUBSEQUENT EVENTS

On November 10, 2021, the Corporation closed a private placement consisting of 9,702,447 flow-through shares issued at a price of \$0.23 per share and 6,226,297 units at a price of \$0.17 per unit for total gross proceeds of \$3,290,033. Each unit being composed of one share and half a warrant, each whole warrant entitling the holder to acquire one share at a price of \$0.23 per share for 2 years.

In connection with this private placement, the Corporation paid a cash commission of \$129,421 and issued 603,486 non-transferable broker warrants each allowing the acquisition of one common share at a price of \$0.23 per share for a period of twenty-four (24) months subjected to a resale restriction period of four months and one day from the closing date.