

Cartier Iron Corporation

Condensed Interim Financial Statements

September 30, 2021

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Condensed Interim Financial Statements

These unaudited condensed interim financial statements of Cartier Iron Corporation (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

Cartier Iron Corporation

Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

		September 30, 2021	December 31, 2020
	Notes	\$	\$
Assets			
Current			
Cash	15	3,750,548	943,051
Receivables		80,512	68,833
Prepaid expenses		167,785	127,746
		<u>3,998,845</u>	<u>1,139,630</u>
Investment in Eloro Resources Ltd.	5	7,447,167	-
Investment in associate	5	-	415,390
Right-of-use asset	6	10,579	42,325
Exploration and evaluation	7	2,784,184	1,342,801
		<u>14,240,774</u>	<u>2,940,147</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	14	440,679	632,737
Refundable tax credit notices of assessments payable	8	149,742	-
Lease liabilities	9	11,474	44,884
Unrenounced flow-through share premium		580,719	16,630
		<u>1,182,614</u>	<u>694,251</u>
Canada Emergency Business Account loan	10	40,000	40,000
		<u>1,222,614</u>	<u>734,251</u>
Shareholders' equity			
Share capital	11	12,405,309	11,357,434
Contributed surplus	11	674,999	42,999
Warrants	11	4,513,314	1,207,000
Deficit		(4,575,463)	(10,401,538)
		<u>13,018,159</u>	<u>2,205,895</u>
		<u>14,240,774</u>	<u>2,940,147</u>
Going concern	2		
Commitment	15		
Subsequent events	16		

Approved by the Board:

Thomas G. Larsen
Director

Francis Sauve
Director

Cartier Iron Corporation

Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

	Notes	3 months ended September 30,		9 months ended September 30,	
		2021 \$	2020 \$	2021 \$	2020 \$
Expenses					
Professional fees		8,272	7,140	25,026	21,581
Consulting fees	14	88,000	78,000	244,000	234,000
Financing bonus		-	38,850	-	38,850
Stock-based compensation	11	-	-	632,000	
General and administrative		47,097	44,028	155,921	134,923
Investor relations		21,275	355	63,573	24,415
Interest		285	942	1,357	3,298
Depreciation	6	10,582	10,582	31,746	31,746
Gain on sale of investment in associate		-	(12,361)	(13,158)	(185,422)
Increase in fair value of investment in Eloro	5	1,973,181	-	(7,014,184)	-
Impairment of exploration and evaluation		7,241	-	7,241	560
Other recoveries		(8,559)	(5,875)	(19,303)	(17,102)
Part XII.6 tax		-	1,143	-	4,027
Refundable tax credit notices of assessments	8	-	-	159,742	-
		<u>2,147,374</u>	<u>162,804</u>	<u>(5,726,039)</u>	<u>290,875</u>
Income (loss) before loss on investment of an associate		(2,147,374)	(162,804)	5,726,039	(290,875)
Dilution gain on change in interest in associate		-	(2,592)	-	23,593
Share of loss of an associate		-	(12,453)	-	(79,122)
Income (loss) before income taxes		(2,147,374)	(177,850)	5,726,039	(346,404)
Deferred income tax recovery		83,406	22,607	100,036	38,144
Income (loss) and comprehensive income (loss)		<u>(2,063,968)</u>	<u>(155,243)</u>	<u>5,826,075</u>	<u>(308,260)</u>
Income (loss) per common share-basic and diluted		<u>(0.016)</u>	<u>(0.003)</u>	<u>0.055</u>	<u>(0.005)</u>
Weighted average number of common shares- basic and diluted		135,876,066	69,192,830	105,648,479	66,827,192

Cartier Iron Corporation

Statements of Changes in Equity

(expressed in Canadian dollars)

(unaudited)

	Share capital \$	Contributed surplus \$	Warrants \$	Deficit \$	Total \$
Balance, December 31, 2020	11,357,434	42,999	1,207,000	(10,401,538)	2,205,895
Acquisition costs, Big Easy					
Option payment	130,000	-	-	-	130,000
Finder's fee	6,500	-	-	-	6,500
Private placement of units	1,725,000	-	-	-	1,725,000
Fair value of warrants issued	(888,000)	-	888,000	-	-
Private placement of flow-through units	3,450,000	-	-	-	3,450,000
Fair value of warrants issued	(2,478,000)	-	2,478,000	-	-
Unrenounced flow-through premium	(664,125)	-	-	-	(664,125)
Share issue costs	(389,936)	-	-	-	(389,936)
Exercise of warrants	96,750	-	-	-	96,750
Stock-based compensation	-	632,000	-	-	632,000
Fair value of exercised warrants	59,686	-	(59,686)	-	-
Income	-	-	-	5,826,075	5,826,075
Balance, September 30, 2021	12,405,309	674,999	4,513,314	(4,575,463)	13,018,159
Balance, December 31, 2019	10,107,371	196,149	371,000	(9,960,851)	713,669
Private placement of units	1,295,000	-	-	-	1,295,000
Fair value of warrants issued	(1,172,000)	-	1,172,000	-	-
Fair value of finder warrants issued	(35,000)	-	35,000	-	-
Share issue costs	(38,364)	-	-	-	(38,364)
Exercise of stock options	130,000	-	-	-	130,000
Fair value of exercised stock options	91,541	(91,541)	-	-	-
Fair value of expired stock options	61,609	(61,609)	-	-	-
Option payment	15,000	-	-	-	15,000
Loss	-	-	-	(308,260)	(308,260)
Balance, September 30, 2020	10,455,157	42,999	1,578,000	(10,269,111)	1,807,045

Cartier Iron Corporation

Statements of Cash Flows

(expressed in Canadian dollars)

(unaudited)

	9 months ended	
	September 30,	
	2021	2020
	\$	\$
Cash provided by (used in)		
Operating activities		
Income (loss)	5,826,075	(308,260)
Items not affecting cash		
Stock-based compensation	632,000	-
Depreciation	31,746	31,746
Impairment of exploration and evaluation	7,241	560
Gain on sale of investment in associate	(13,158)	(185,422)
Increase in fair value of investment in Eoro	(7,014,184)	-
Dilution gain on change in interest in associate	-	(23,593)
Share of loss of an associate	-	79,122
Refundable tax credit notices of assessments	159,742	-
Deferred income tax recovery	(100,035)	(38,144)
Changes in non-cash working capital		
Receivables	(11,679)	(27,660)
Prepaid expenses	(40,039)	(74,807)
Accounts payable and accrued liabilities	(192,059)	(152,339)
Refundable tax credit notices of assessments payable	(10,000)	-
	<u>(724,350)</u>	<u>(698,797)</u>
Financing activities		
Private placement of units	1,725,000	1,295,000
Private placement of flow-through units	3,450,000	-
Share issue costs	(389,935)	(38,364)
Advances from officers	200,000	32,000
Repayment of advances from officers	(200,000)	-
Canada Emergency Business Account loan	-	40,000
Repayment of lease liabilities	(33,410)	(31,469)
Exercise of stock options	-	130,000
Exercise of warrants	96,750	-
	<u>4,848,405</u>	<u>1,427,167</u>
Investing activities		
Purchase of investment in associate	(18,170)	(110,905)
Proceeds on sale of investment in associate	13,735	321,270
Repayment of advances to Eoro	-	65,804
Exploration and evaluation	(1,388,624)	(150,506)
Mining tax credit	76,500	-
	<u>(1,316,559)</u>	<u>125,663</u>
Net increase in cash	2,807,496	854,034
Cash, beginning of period	943,051	19,614
Cash, end of period	<u>3,750,548</u>	<u>873,648</u>
Non-cash transactions		
Common shares issued for option payment	130,000	15,000
Common shares issued for finder's fee	6,500	-
Supplementary information		
Interest paid	1,357	3,297
Income taxes paid	-	-

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

Cartier Iron Corporation

Notes to Condensed Interim Financial Statements

September 30, 2021

(expressed in Canadian dollars)
(unaudited)

1. Nature of operations

Cartier Iron Corporation (the "Company") is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the laws of Ontario and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

2. Going concern

The Company is in the exploration stage and does not generate revenue. For the 9 months ended September 30, 2021, the Company incurred a cashflow deficit from operating activities of \$724,350 (2020 - \$698,797). The cashflow deficits limit the Company's ability to fund its operations and the acquisition, exploration and development of its mineral properties.

On July 7, 2021, the Company completed a private placement of (i) 19,166,667 units at a price of \$0.09 per unit for gross proceeds of \$1,725,000, and (ii) 28,750,000 flow-through units at a price of \$0.12 per unit for gross proceeds of \$3,450,000 ("Private Placements")(see note 11, *Share capital, Private placement*). As at September 30, 2021, the Company had working capital of \$2,816,230 (December 31, 2020 - \$445,379) including cash and cash equivalents of \$3,750,548 (December 31, 2020 - \$943,051). From the cash and cash equivalents, the Company is committed to make eligible Canadian Exploration Expenditures of \$3,176,150 by December 31, 2022.

At September 30, 2021, the Company has an investment in Eloro Resources Ltd. ("Eloro") with a fair value of \$7,447,167 (see note 5, *Investment in Eloro Resources Ltd.*). The Company has classified the investment in Eloro as a long-term asset as it does not expect to realize the investment within the next 12 months.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

The outbreak of the COVID-19 pandemic and the measures adopted by governments to mitigate the spread of the pandemic have not significantly impacted the Company. To date, there has been no significant impact on the Company, however, there is significant uncertainty over the impact of the pandemic on the Company's ability to secure funds in the future.

As a result, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption is inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance

These interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these interim condensed financial statements are consistent with those disclosed in the Company's audited financial statements for the year ended December 31, 2020.

These interim condensed financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020.

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on November 29, 2021.

4. Significant accounting policy

Unit private placements

For private placements of units consisting of common shares and warrants, the Company uses the Black-Scholes option pricing model in determining the fair value of warrants. The proceeds from the issuance of units are first allocated to the warrants and the residual amount, being the difference between the proceeds from issuance and the fair value of the warrants, is allocated to common shares. If the residual amount is nominal or negative, the proceeds are allocated on a pro-rata basis based on the respective fair value of the common shares and warrants.

5. Investment in Eloro Resources Ltd.

At December 31, 2020, the Company held 4.43% of the outstanding common shares of Eloro Resources Ltd. ("Eloro"). Although the Company held less than 20% of the voting rights of Eloro, the Company determined that it had significant influence in Eloro as three directors of the Company are also directors of Eloro and the Company accounted for its investment in Eloro as an investment in associate.

Pursuant to two bought deal financings in January 2021 and March 2021, Eloro issued 10,669,160 common shares, thereby further diluting the Company's percentage interest in Eloro. As a result, the Company reassessed the level of influence that it has over Eloro and determined that it no longer has significant influence over Eloro and effective January 1, 2021, the Company accounted for its investment in Eloro at fair value.

	Number of Eloro common shares held	\$
Investment in associate at December 31, 2020	2,115,000	415,390
Purchases	10,000	18,170
Disposals	(3,300)	(577)
Unrealized gain on investment in Eloro	–	7,013,607
Investment in Eloro at fair value at September 30, 2021	2,121,700	7,447,167

See note 15, *Subsequent events, Investment in Eloro*.

6. Right-of-use assets

	September 30, 2021 \$	December 31, 2020 \$
Right-of-use assets	126,981	126,981
Accumulated depreciation	(116,402)	(84,656)
	10,579	42,325

7. Exploration and evaluation

	December 31, 2020 \$	Acquisition costs \$	Expenditures \$	Mining tax credits \$	Impairment \$	September 30, 2021 \$
Property						
Big Easy	1,342,801	136,500	1,381,383	(76,500)	–	2,784,184
Gagnon	–	–	7,241	–	(7,241)	–
	1,342,801	136,500	1,388,624	(76,500)	(7,241)	2,784,184

Big Easy, Newfoundland and Labrador

Pursuant to a definitive agreement dated October 26, 2017, ("Definitive Agreement"), the Company acquired a 100% interest in Big Easy consisting of 507 mining claims covering 127 square kilometres located in Newfoundland and Labrador. On October 6, 2020, the Company staked an additional 256 claims to hold 763 mining claims covering 191 square kilometres.

To complete the acquisition, Definitive Agreement required the Company to issue common shares and incur exploration expenditures, as follows:

	Common shares	Exploration
	Number	expenditures
		\$
Upon signing of definitive agreement	500,000	12,500
November 21, 2018	500,000	56,000
May 15, 2020	500,000	15,000
September 6, 2021	500,000	65,000
September 6, 2022	500,000	65,000
September 6, 2023	—	—
	<u>2,500,000</u>	<u>213,500</u>
		<u>2,000,000</u>

On August 18, 2021, the Company completed the acquisition of Big Easy by issuing 1,000,000 common shares with a fair value of \$130,000 and incurring exploration expenditures over \$2,000,000. In addition, the Company issued 50,000 common shares with a fair value of \$6,500 in respect of a finder's fee.

With respect to the common shares issued to the vendor:

- a) the vendor will not grant a security interest in the common shares;
- b) the vendor has the right to sell tranches of less than 300,000 common shares;
- c) until November 21, 2021, the Company has a right of first refusal in the event that the vendor receives a third party offer to acquire any tranche of more than 300,000 common shares; and
- d) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote against any resolution put before the shareholders of the Company upon the recommendation of the Board of Directors
- e) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote in favour of:
 - (i) the election of board nominees that have not been proposed by the then Board of Directors, or
 - (ii) any shareholder resolution or proposal unless the Board of Directors recommends voting in favour of such shareholder resolution or proposal.

Big Easy is subject to a 3% net smelter royalty ("NSR"). The Company has options to further reduce the NSR by:

- a) 0.25% by making a payment of \$250,000 by November 21, 2021 (see note 16, *Subsequent events, Big Easy NSR option*); and
- b) a further 0.25% by making a payment of \$250,000 by November 21, 2022.

Gagnon, Quebec

A joint venture was formed between the Company and Champion to incur additional exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest would be reduced solely to a 1% royalty. The other joint venture partner will have the option to reduce the royalty from 1% to 0.5% by making a payment of \$3,000,000.

In the event that a joint venture partner proposes to acquire any property within 10 kilometres of Gagnon, the acquirer must offer the property at cost to the other party for inclusion in Gagnon.

The Company has incurred the following cumulative exploration and evaluation expenditures on Gagnon:

	\$
Balance, December 31, 2020	3,896,732
Expenditures	7,241
<u>Balance, September 30, 2021</u>	<u>3,903,973</u>

8. Refundable tax credit notices of assessments payable

On November 8, 2018, the Company received notices of assessments from Revenu Québec for the repayment refunds received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2013, 2014 and 2015 ("Notices"). The Company filed notices of objection with respect to the Notices and Revenu Québec has now ruled that the Notices were deemed valid and binding in conformity with the *Taxation Act*. Accordingly, the amount of the Notices of \$159,742 has been recorded as a liability in these financial statements. The Company has agreed to make monthly payments of \$2,500 until June 30, 2022.

9. Lease liabilities

	\$
Balance, December 31, 2020	44,884
Accretion of interest	1,357
Lease payments	(34,767)
Balance, September 30, 2021	11,474
Current portion of lease liabilities	11,474
Long-term lease liabilities	—
	11,474

The lease for premises is a joint and several commitment with Eloro. The remaining lease term is 0.25 years.

10. Canada Emergency Business Account loan

The Government of Canada provided the Canada Emergency Business Account term loans (“CEBA”) to support Canadian businesses that have been adversely affected by COVID-19. On April 20, 2020, the Company received a \$40,000 CEBA term loan. The term loan is government guaranteed, interest-free until December 31, 2022, and if not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing interest at the rate of 5%. The term loan can be repaid at any time without penalty, and if, \$30,000 is repaid by December 31, 2022, the remaining \$10,000 will be forgiven.

11. Share capital

Authorized

An unlimited number of common shares.

An unlimited number of Class A preferred shares 5% voting, redeemable, convertible, non-cumulative dividend, which are redeemable at \$0.10 per share and convertible on the basis of one common share for each Class A preferred share.

Issued

	Number of common shares	\$
Balance, December 31, 2020	90,146,971	11,357,434
Private placement of units	19,166,667	1,725,000
Fair value of unit warrants	—	(888,000)
Private placement of flow-through units	28,750,000	3,450,000
Fair value of flow-through unit warrants	—	(2,478,000)
Unrenounced flow-through premium	—	(664,125)
Share issue costs	—	(389,935)
Acquisition cost of Big Easy (note 7)	1,000,000	130,000
Finder's fee (note 7)	50,000	6,500
Exercise of warrants	967,500	96,750
Fair value of warrants exercised	—	56,686
Balance, September 30, 2021	140,081,138	12,405,309

Private placement

On July 7, 2021, the Company completed a private placement of (i) 19,166,667 units at a price of \$0.09 per unit (“Units”) for gross proceeds of \$1,725,000, and (ii) 28,750,000 flow-through units at a price of \$0.12 per unit (“FT Units”) for gross proceeds of \$3,450,000. Each Unit consisted of one common share and one common share purchase warrant (“Unit Warrant”) and each FT Unit consisted of one common share which qualifies as a “flow-through share” for the purposes of the *Income Tax Act* (Canada) and one common share purchase warrant (“FT Warrant”). Each Unit Warrant and FT Warrant entitles the holder to purchase one common share for \$0.14 until July 7, 2024.

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

	Unit warrants	Flow-through warrants
Issue date	July 7, 2021	July 7, 2021
Expiry date	July 7, 2024	July 7, 2024
Warrants issued	19,166,667	28,750,000
Exercise price	\$0.14	\$0.14
Share price	\$0.14	\$0.14
Risk-free interest rate	0.66%	0.66%
Expected volatility based on historical volatility	115%	115%
Expected life of warrants	3 years	3 years
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%
Fair value	\$1,832,000	\$2,478,000
Fair value per warrant	\$0.10	\$0.10

As the proceeds of the private placement of units was \$1,725,000 and the fair value of the unit warrants was \$1,832,000, there was no residual amount to be allocated to the common shares, and therefore, proceeds of \$1,725,000 was allocated on a pro-rata basis with \$837,000 to the common shares and \$888,000 to the unit warrants.

Stock options

The Company may grant options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. Options granted vest immediately and the maximum term of each option is 5 years. The exercise price shall not be less than the closing price of the common shares on a stock exchange in Canada on the last trading day immediately preceding the date of the grant, less any discount permissible under the rules of the principal stock exchange on which the common shares are listed for trading. In the event that the common shares are not listed for trading on any stock exchange, the exercise price shall be the fair market value as determined by the Board of Directors. As at September 30, 2021, there were 14,008,113 stock options (December 31, 2020 - 9,014,697) authorized to be issued under the stock option plan, of which, 4,500,000 stock options (December 31, 2020 - 200,000) were outstanding.

A summary of the Company's stock options is presented below:

	Weighted-average exercise price	Number of stock options outstanding and exercisable
Balance, December 31, 2020	0.10	200,000
Granted	0.17	4,300,000
Balance, September 30, 2021	0.17	4,500,000

A summary of the Company's outstanding stock options is presented below:

Exercise price	Expiry date	Number of stock options
\$0.15	April 10, 2023	200,000
\$0.17	February 3, 2026	4,300,000
		4,500,000

The Company granted stock options to a directors, officers, employees and consultants. The fair value of the stock options was calculated using the Black-Scholes option pricing model with the following assumptions:

Grant date	February 3, 2021
Expiry date	February 3, 2026
Stock options granted	4,300,000
Exercise price	\$0.17
Share price	\$0.17
Risk-free interest rate	0.46%
Expected volatility based on historical volatility	133%
Expected life of stock options	5 years
Expected dividend yield	0%
Vesting	On date of grant
Fair value	\$632,000
Fair value per stock option	\$0.15

Warrants

A continuity of the Company's warrants is presented below:

	Weighted- average exercise price \$	Number of warrants
Balance, December 31, 2020	0.10	19,048,061
Issued		
Unit warrants	0.14	19,166,667
Flow-through unit warrants	0.14	28,750,000
Exercised	0.10	(967,500)
Balance, September 30, 2021	0.10	65,997,228

A summary of the Company's outstanding warrants is presented below:

Exercise price	Expiry date	Number of warrants
\$0.10	September 10, 2023	7,571,429
\$0.10	September 17, 2023	10,509,132
\$0.14	July 7, 2024	19,166,667
\$0.14	July 7, 2024	28,750,000
		65,997,228

The weighted average remaining contractual life of the outstanding warrants is 2.5 years.

12. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash, accounts payable and accrued liabilities and CEBA term loan

The fair values of cash, accounts payable and accrued liabilities and CEBA term loan at September 30, 2021 approximated their respective carrying value due to their short term to maturity.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

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

The Company accounts for its investment in Eloro at fair value.

13. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is equal to the Company's cash. The Company limits its exposure to credit risk on its cash by holding deposits with a Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral properties. Accounts payable and accrued liabilities are subject to normal trade terms.

The following table sets out financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Accounts payable and accrued liabilities	Refundable tax credit notice of assessment payable	Lease liability	Canada Emergency Business Account loan	Total
	\$	\$	\$	\$	\$
Less than 1 year	440,679	149,742	11,474	—	601,895
1-5 years	—	—	—	40,000	40,000
More than 5 years	—	—	—	—	—
Balance, September 30, 2021	440,679	149,742	11,474	40,000	641,895

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk

Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. At September 30, 2021, the Company is exposed to equity price risk on its investment in Eloro (note 5).

Currency risk

Currency risk arises from the Company's financial instruments and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. As all of the Company's purchases are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash in Canadian dollars.

Interest rate risk

The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

Capital management

Capital of the Company consists of share capital, contributed surplus, warrants and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

14. Related party transactions

Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	9 months ended September 30,	September 30,	September 30,	Outstanding at
	2021	2020	2021	December 31,
	\$	\$		2020
				\$
Consulting fees	234,000	234,000	258,338	274,328
Financing bonus	—	38,850	37,016	37,016
Stock-based compensation	382,140	—	—	—
	<u>616,140</u>	<u>272,850</u>	<u>295,354</u>	<u>311,344</u>

In June 2021, two officers advanced \$200,000 to the Company. The advances were unsecured, non-interest bearing and due on demand. In July 2021, the Company repaid the advances.

Additional related party transactions are disclosed in notes 5 and 9.

15. Commitment

Flow-through expenditures

Pursuant to a flow-through financing completed on July 7, 2021, the Company is committed to make eligible Canadian Exploration Expenditures of \$3,176,150 by December 31, 2022.

16. Subsequent events

Big Easy NSR option

The Company's option to reduce the Big Easy NSR by 0.25% by making a payment of \$250,000 expired unexercised on November 21, 2021 (see note 7, *Exploration and evaluation*).

Investment in Eloro

Subsequent to September 30, 2021, the Company purchased 78,300 common shares to hold 2,200,000 common shares of Eloro (see note 5, *Investment in Eloro*).