One World Lithium Inc.

Condensed Consolidated Interim Financial Statements (Unaudited)
Expressed in Canadian Dollars, unless otherwise noted

For the three-and nine-month periods ended September 30, 2021 and 2020

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One World Lithium Inc.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

As of September 30, 2021 and December 31, 2020

Expressed in Canadian Dollars

	Notes		September 30, 2021		December 31, 2020
ASSETS					
Current assets					
Cash		$	43,376	$	4,490
Receivables			156,087		130,467
Prepaid expenses and deposits	4		227,079		900
Total current assets		$	426,542	$	135,857
Non-current assets					
Exploration and evaluation assets	5	$	3,211,800	$	3,203,800
Total assets		**$**	**3,638,342**	**$**	**3,339,657**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	6	$	1,208,613	$	2,449,874
Loans and borrowings	7		-		22,523
Share subscriptions payable	13		379,854		142,500
Total current liabilities		$	1,588,467	$	2,614,897
Non-current liabilities					
Loans and borrowings	7		32,782		-
Total liabilities		$	1,621,249	$	2,614,897
SHAREHOLDERS' EQUITY					
Share capital	8(a)	$	21,062,653	$	18,797,923
Contributed surplus	8(b)		66,955		66,955
Share-based payments and warrants reserve	9		1,787,534		1,306,364
Accumulated deficit			(20,900,049)		(19,446,482)
Total shareholders' equity		$	2,017,093	$	724,760
Total liabilities and shareholders' equity		**$**	**3,638,342**	**$**	**3,339,657**

Events after reporting period (Note 13)
Approved on behalf of the Board of Directors on November 29, 2021

"Douglas Fulcher"
Director

"Kevin Milledge"
Director

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

Expressed in Canadian Dollars except number of shares

	Notes	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Expenses					
Exploration and evaluation	5	$ 125,710	$ 3,969	$ 410,567	$ 24,148
General and administration	10	44,706	73,480	216,785	181,823
Professional and consulting fees	10	66,235	155,222	414,706	397,364
Share-based payments	9	40,305	13,171	420,745	68,207
Total expenses		$ (276,956)	$ (245,842)	$ (1,462,803)	$ (671,542)
Operating loss		**$ (276,956)**	**$ (245,842)**	**$ (1,462,803)**	**$ (671,542)**
Other income (expenses)					
Net financing cost	7,8	$ (4,424)	$ (8,858)	$ (53,370)	$ (16,097)
Foreign exchange gain		(50,632)	-	27,330	-
Government grant	7	-	-	30,523	-
Other expenses	8(b)	(153,776)	-	(370,248)	-
Other income		-	(7,209)	38,179	(7,209)
Net loss and comprehensive loss for the period		$ (485,788)	$ (247,491)	$ (1,790,389)	$ (680,430)
Basic and diluted loss per common share		**$ (0.00)**	**$ (0.00)**	**$ (0.02)**	**$ (0.01)**
Weighted average number of common shares outstanding – basic and diluted		**149,418,247**	**101,165,385**	**104,265,650**	**98,591,617**

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

One World Lithium Inc.
Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)
For the Nine-Month Period Ended September 30, 2021 and 2020
Expressed in Canadian Dollars except number of shares

	Notes	Share capital	Contributed surplus	Share-based payments and warrants reserve	Accumulated deficit	Total equity
Balance - December 31, 2019		$ 18,446,426	$ 55,555	$ 1,222,286	$ (18,108,586)	$ 1,615,681
Shares issued in private placement, net of share issuance costs		335,497	-	-	-	335,497
Shares issued for property		16,000	-	-	-	16,000
Warrants issued		-	-	5,375	-	5,375
Share-based payments		-	-	68,207	-	68,207
Transfer of share-based payments expired		-	-	(206,814)	206,814	-
Net income (loss) for the year		-	-	-	(680,430)	(680,430)
Balance – September 30, 2020		**$ 18,797,923**	**$ 55,555**	**$ 1,089,054**	**$ (18,582,202)**	**$ 1,360,330**
Balance - December 31, 2020		**$ 18,797,923**	**$ 66,955**	**$ 1,306,364**	**$ (19,446,482)**	**$ 724,760**
Shares issued in private placement, net of share issuance costs	8(a)(ii)	2,242,730	-	-	-	2,242,730
Shares issued for property	5	22,000	-	-	-	22,000
Warrants modification	7(iv), 8(b)(ii)	-	-	397,247	-	397,247
Share based payments	9(a)	-	-	420,745	-	420,745
Transfer of share-based payments expired	7(a)(v)	-	-	(336,822)	336,822	-
Loss for the period		-	-	-	(1,790,389)	(1,790,389)
Balance – September 30, 2021		**$ 21,062,653**	**$ 66,955**	**$ 1,787,534**	**$ (20,900,049)**	**$ 2,017,093**

Expressed in Canadian Dollars

	Notes	Nine Months Ended September 30, 2021	2020
OPERATING ACTIVITIES			
Net loss for the period		**$ (1,790,389)**	**$ (686,430)**
Non-cash items:			
Government grant	7	(30,523)	-
Gain on debt forgiveness		(38,079)	-
Gain on debt settlement		-	(7,209)
Share-based payments	9	420,745	68,207
Loss on warrant modification	8(b)	370,247	-
Net financing cost	7,8(b)	53,370	16,097
Foreign exchange gain		(27,330)	-
Changes in non-cash working capital items:			
Receivables		(25,620)	7,529
Prepaid expenses and deposits		(226,179)	8,333
Accounts payable and accrued liabilities		(1,178,411)	309,849
Net cash used in operating activities		**$ (2,472,169)**	**$ (283,624)**
INVESTING ACTIVITIES			
Exploration and evaluation asset expenditure	5	(6,188)	-
Exploration and evaluation advance			(33,071)
Net cash used in investing activities		**$ (6,188)**	**$ (33,071)**
FINANCING ACTIVITIES			
Interest paid	7	$ (52)	$ -
Repayment of loans and borrowings	7	(22,789)	(57,000)
Proceeds from loans	7	60,000	10,000
Advance for private placement		379,854	17,000
Proceeds from private placement, net of share issue cost	8	2,100,230	330,497
Net cash provided by financing activities		**$ 2,517,243**	**$ 300,497**
Increase (decrease) in cash		$ 38,886	$ (16,198)
Cash, beginning of period		4,490	21,026
Cash, end of period		**$ 43,376**	**$ 4,828**

Supplemental cash flow information

For the nine-month period ended:		**September 30, 2021**	**September 30, 2020**
Settlement of liabilities through issuance of common shares	5	$ 22,000	$ -

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

One World Lithium Inc., together with its subsidiary (collectively referred to as the "Company") was incorporated under the laws of the province of British Columbia on November 9, 1982. The Company is focused on the acquisition, exploration and development of resource properties in Mexico and a new potential lithium separation extraction technology. The Company is considered to be in the exploration stage and early development of its separation technology. The Company's head office and records offices are located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. On February 28, 2017, the Company voluntarily delisted its common shares from the NEX Board of the TSX Venture Exchange ("Exchange"). On February 28, 2018, One World Lithium Inc. began trading on the Canadian Securities Exchange ("CSE") at market open under the trading symbol OWM. On January 19, 2018, the Company changed its name to One World Lithium Inc. to align with its primary exploration and evaluation asset and the trading symbol on the CSE was changed to OWLI. On March 7, 2019, the Company also began trading on the OTCQB Venture Market under the trading symbol OWRDF.

These Condensed Consolidated Interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates the realization of assets and discharge liabilities at their carrying values in the ordinary course of operations for the foreseeable future rather than through the process of forced liquidation.

During the nine-month period ended September 30, 2021, the Company generated a net loss of $1,790,389 and cash used in operating activities of $2,472,169. As at September 30, 2021, the Company has an accumulated deficit of $20,900,049 and a working capital deficiency of $1,161,925. As a result, the Company may not have sufficient capital to fund its current planned operations during the twelve-month period subsequent to September 30, 2021. On November 03, 2021, the Company closed a first Tranche of its $1,800,000 non-brokered private placement offering (the "Offering") raising gross proceeds of $765,221, see note 13 for more details. The total proceeds from this Offering will assist the Company in continuing its activities for the next twelve months.

These Condensed Consolidated Interim financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, as well as the successful results from exploration activities, development of its lithium separation technology and its ability to attain profitable operations and generate funds therefrom, and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful at raising funds in the past through the issuance of securities, it is uncertain whether it will be successful in doing so in the future.

NOTE 2 - BASIS OF PRESENTATION, STATEMENT OF COMPLIANCE

These Condensed Consolidated Interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of Condensed Consolidated Interim financial statements, including IAS 34, *Interim Financial Reporting* and interpretations of the IFRS Interpretations Committee ("IFRIC").

These Condensed Consolidated Interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, equity-classified share-based payment arrangements are measured at fair value at grant date pursuant to IFRS 2, *Share-based Payment*.

The COVID-19 pandemic continues to cause significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. While the Company has experienced the impact of the COVID-19 outbreak on its operations, it had continued to operate during the current pandemic. The Company will continue to monitor developments of the pandemic and continuously assess its potential further impact on its operations to prevent any disruptions. The Company has put in place multiple contingency plans to ensure general operations can be maintained with minimal disruption throughout the crisis. In the event of prolonged continuation of the pandemic, it is not clear what the potential impact may be on the Company's business, financial position and financial performance.

Expressed in Canadian Dollars except otherwise noted

These Condensed Consolidated Interim financial statements were approved and authorized for issuance by the Board of Directors on November 29, 2021.

These Condensed Consolidated Interim financial statements do not include all of the information required for full annual consolidated financial statements and therefore should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended December 31, 2020. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in the notes to these Condensed Consolidated Interim financial statements.

New accounting policy adopted in the current period

The Company's government grants reflect compensation received from various provincial and national bodies related to the research and development and COVID-19 support. Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Government loans are analyzed to determine whether they qualify as grants or are required to be treated as financial liabilities.

NOTE 3 – ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Condensed Consolidated Interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the Condensed Consolidated Interim financial statements, and the reported amounts of revenues and expenses during the reporting period. While management believes that the judgment, assumptions and estimates made are reasonable, actual results could differ from those estimates, and could impact future results of comprehensive income and cash flows. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Management of the Company assesses the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

NOTE 4 – PREPAID EXPENSES AND DEPOSITS

		September 30, 2021		December 31, 2020
Prepaid insurance	$	2,734	$	-
Prepaid consulting fees		10,521		-
Prepaid exploration and evaluation costs		213,824		-
Other prepaid expenses		-		900
Total prepaid expenses and deposits	**$**	**227,079**	**$**	**900**

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

		Salar del Diablo Property
Balance - December 31, 2019	**$**	**3,107,654**
Consideration paid equivalent to $50,000 USD		66,146
Issuance of 400,000 shares		30,000
Balance - December 31, 2020		**3,203,800**

Expressed in Canadian Dollars except otherwise noted

		Salar del Diablo Property
Revaluation of 200,000 shares issued		8,000
Balance - September 30, 2021	**$**	**3,211,800**

Acquisition of the Salar del Diablo Property (formerly the Valle Del Diablo Property)

On October 10, 2017, the Company completed the acquisition of Lithium Investments Ltd. ("LIL") by acquiring all of the shares of LIL from its shareholders ("original shareholders") in exchange for 10,000,000 common shares and a $100,000 cash payment made 30 days after the closing date.

The principal assets of LIL consist of the rights and interests under an option and joint venture agreement as amended (the "Option Agreement") with third parties to acquire up to a 90% interest in the Salar del Diablo (formerly the Valle Del Diablo Property) in Mexico (the "Salar del Diablo Property"). In order to earn an 80% interest in the Salar del Diablo, the Company is required to issue 1,800,002 common shares and make payments up to US$380,000. As at September 30, 2021, 1,600,002 shares have been issued and US$260,000 has been paid to the third parties in stages. The Company issued 200,000 common shares on April 29, 2021 valued at $22,000 to partially settle the obligation previously accrued. The obligation to issue the share was revalued from $14,000 to $22,000 during the three and nine-month periods ended prior to the settlement.

On April 28, 2021, the Parties further agreed to extend the deemed completion date of the Phase Three drilling program from December 31, 2020 to July 31, 2021. For this extension, the Company agreed to make an additional US$20,000 payment of which US$5,000 ($6,188 CAD equivalent paid in April 2021) of the extension payment will be applied to the Phase 3 option payment at the earlier of (i) July 31, 2021, or (ii) completion of Phase 3 drilling.

On April 28, 2021, the Parties further agreed to extend the deemed completion date of the Phase Three drilling program from December 31, 2020 to July 31, 2021. For this extension, the Company agreed to make an additional US$20,000 payment of which US$5,000 ($6,188 CAD equivalent paid in April 2021) of the extension payment will be applied to the Phase 3 option payment at the earlier of (i) July 31, 2021, or (ii) completion of Phase 3 drilling.

On September 27, 2021, the Parties further agreed to extend the deemed completion date of the Phase Three drilling program from July 31, 2021 to December 31, 2021. For this extension, the Company agreed to make an additional US$15,000 payment.

If the project goes to commercial production the Company is also required to issue an additional 1,100,000 common shares and make an additional payment of US$1,050,000. In addition, up until the delivery of a bankable feasibility report (the "BS Report") on the Salar del Diablo Property the Company is responsible for all exploration expenditures. After the delivery of the BS Report each Joint Venture party ("JV Party") is responsible for their pro rata share of future funding. If either JV Party fails to contribute its share of the project cost, their interest shall be diluted proportionally until their interest reaches 10% or less. Should the underlying JV Party's interest dilute below a 10% equity interest or less, a 2% NSR royalty replaces the 10% equity interest and the other party will have the right at any time prior to the commencement of commercial production but not the obligation to purchase one-half of the NSR for US$5,000,000.

The LIL Purchase Agreement requires the Company to continue making the following additional payments and share issuance to the former and original shareholders of LIL:

	Pay to former shareholders of LIL		
On or before date		Amount	# of OWL Shares
October 10, 2018 (paid)	$	200,000	-
July 31, 2021		300,000	-
December 31, 2021		500,000	16,000,000
	$	**1,000,000**	**16,000,000**

The following table summarizes exploration and evaluation expenditures disclosed on the statement of loss:

Expressed in Canadian Dollars except otherwise noted

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Exploration and evaluation expenditures				
Consulting	$ 6,398	$ 3,969	$ 6,398	$ 16,712
Drilling	95,722	-	339,562	3,240
Geology	-	-	19,875	-
Travel	13,971	-	31,574	3,448
Supplies and other	9,619	-	13,158	748
Total	**$ 125,710**	**$ 3,969**	**$ 410,567**	**$ 24,148**

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	December 31, 2020
Trade payables and accrued liabilities	$ 846,193	$ 1,987,045
Part XII.6 tax payable	253,235	230,487
Due to related parties	109,185	232,342
Total accounts payable and accrued liabilities	**$ 1,208,613**	**$ 2,449,874**

NOTE 7 – LOANS AND BORROWINGS

	September 30, 2021	December 31, 2020
Unsecured federal government term loan principal due on December 31, 2025 with monthly interest payments beginning in January 2023 and ending in December 2025 at a fixed rate of 5%. The portion of the loan may be forgiven with early repayment by January 2023 (i).	$ 32,782	$ -
Unsecured term loan principal with interest accrued at an annual fixed rate of 8.00% and repayable in January 2021 (ii).	-	5,011
Unsecured term loan principal with interest accrued at an annual fixed rate of 8.00% and repayable in January 2021 (iii).	-	5,011
Unsecured credit facility bearing interest at an annual fixed rate of 8.00% (iv)	-	12,501
Total loans and borrowings	$ 32,782	$ 22,523
Less: current portion of loans and borrowings	-	22,523
Loans and borrowings	**$ 32,782**	**$ -**

(i) The benefits received by the Company from this loan, where interest rate is lower than market rate, were accounted for under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance and recorded as government grant income in the statement of loss and comprehensive loss. Market interest rate of 15% was determined by looking at comparable loans with similar terms, adjusted for credit risk rating of the Company. The government grant income of $30,523 was recognized in its entirety in the consolidated statement of loss as funds received were fully spent in the reporting period on designated activities.

(ii) The Company issued 62,500 share purchase warrants to the lender in consideration for the loan. Each warrant will entitle the lender to purchase one common share at $0.08 per share for a period of two years. The Company valued the liability component at $4,500 at inception using the market rate of 40% with the residual of $500 allocated to share purchase warrants.

The loan was originally repayable on August 24, 2020, however the maturity date was extended to January 24, 2021. As a compensation for the maturity date extension, the Company issued additional 31,250 share purchase warrants with the same terms. Management accounted for these changes as debt modification and recognized a loss on debt modification of $926.

Expressed in Canadian Dollars except otherwise noted

(iii) The Company issued 62,500 share purchase warrants to the lender in consideration for the loan. Each warrant will entitle the lender to purchase one common share at $0.08 per share for a period of two years. The Company valued the liability component at $4,500 at inception using the market rate of 40% with the residual of $500 allocated to share purchase warrants.

The loan was originally repayable on August 24, 2020, however the maturity date was extended to January 24, 2021. As a compensation for the maturity date extension, the Company issued additional 31,250 share purchase warrants with the same terms. Management accounted for these changes as debt modification and recognized a loss on debt modification of $926.

(iv) On February 26, 2021, 500,000 warrants, previously granted on April 24, 2019, in consideration for an extension of credit facilities provided by SUI, were extended for an additional two years with an amended expiry date of February 28, 2023. In addition, the exercise price was amended from $0.20 to $0.15. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: exercise price of $0.15, risk-free interest rate of 0.30%, expected life of 2.01 years, expected volatility of 133.90% and dividend yield of 0%. The total fair value of the warrants was $nil and $27,000, which was recognized during the three- and nine-month periods ended September 30, 2021 as a net financing cost in the statement of loss.

Repayments due on loans and borrowings, including interest, for the next five years and thereafter are as follows:

Year	
2021	$ -
2022	40,000
2023	-
2024	-
2025	-
Thereafter	-
	$ 40,000

NOTE 8 – SHARE CAPITAL

a) Common shares

Authorized: unlimited common shares without par value

	Number of Shares	Amount ($)
Balance, December 31, 2019	**97,275,537**	**$ 18,446,426**
Common shares upon private placement, net of issuance costs (i)	6,720,500	335,497
Common shares issued for property (Note 5)	200,000	16,000
Balance, December 31, 2020	**104,196,037**	**$ 18,797,923**
Common shares upon private placement, net of issuance costs (ii)	45,022,210	2,242,730
Common shares issued for property (Note 5)	200,000	22,000
Balance, September 30, 2021	**149,418,247**	**$ 21,062,653**

(i) On August 11, 2020 – the Company closed its non-brokered private placement. The Company received a total of $336,025 cash proceeds through the issuance of 6,720,500 units at a price of $0.05 per unit. Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant. Five thousand ($5,000) of the total proceeds was received in December 2019 and was initially recognized as share subscription payable. The Company incurred $528 of share issuance costs in connection with the private placement.

Expressed in Canadian Dollars except otherwise noted

A total of 6,720,500 warrants were issued in connection with the private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.10 for a period of 36 months from the closing of the offering. As the fair value of the shares was greater than the consideration received, no residual amount existed, and the warrants were valued at $Nil. All securities are subject to a four month and one day hold from the closing date.

(ii) On March 1, 2021 – the Company closed its non-brokered private placement. The Company received a total of $2,251,111 cash proceeds through the issuance of 45,022,210 units at a price of $0.05 per unit. Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant of which$142,500 of the total proceeds was received in December 2020 and was initially recognized as share subscription payable. The Company incurred $8,381 of share issuance costs in connection with the private placement.

A total of 45,022,210 warrants were issued in connection with the private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.10 for a period of 36 months from the closing of the offering. As the fair value of the shares was greater than the consideration received, no residual amount existed, and the warrants were valued at $Nil. All securities are subject to a four month and one day hold from the closing date.

b) Warrants

The Company's warrants outstanding as at September 30, 2021 and December 31, 2020 and the changes for the nine-month period ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	Number of Warrants		Weighted Average Exercise Price $
Balance, December 31, 2019	**25,052,623**	**$**	**0.15**
Issued (i)	6,908,000		0.10
Expired	(725,000)		0.17
Balance, December 31, 2020	**31,235,623**	**$**	**0.14**
Issued (Note 8(a)(ii))	45,022,210		0.10
Expired	(10,475,832)		0.15
Balance, September 30, 2021	**65,782,001**	**$**	**0.11**

(i) On August 24, 2020, the Company issued a total of 125,000 share purchase warrants as part of consideration for two loans provided (Note 7(iv) and (v)) in the year. Each lender received 62,500 share purchase warrants; each warrant will entitle the Lender to purchase one common share of the at $0.08 per share for a period of 2 years. The total grant date fair value of the warrants was $5,375, estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk- free interest rate of 0.28%, expected life of 2 years, expected volatility of 117% and dividend yield of 0%.

(ii) On April 12, 2021, the Company decided to amend the terms (the "Amendment") of an aggregate of 4,584,390 outstanding common share purchase warrants ("Warrants") previously issued by the Company to acquire common shares of the Company at a price of $0.20. From the total amended, 1,752,257 warrants were exercisable until April 10, 2021, 995,668 warrants were exercisable until June 4, 2021, and 1,836,465 warrants were exercisable until July 8, 2021. Under the Amendment, the exercise price of the Warrants was reduced to $0.15 and the term of the Warrants extended by an additional twelve months until April 10, 2022, June 4, 2022 and July 8, 2022 respectively.

The total cost of the warrant amendment is $216,472 which has been recorded as a loss on warrant modification in the nine-month period ended September 30, 2021. The fair value of the warrant modification was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period based on the effective date of the modification. The assumptions used to fair value the warrants were as follows:

Expressed in Canadian Dollars except otherwise noted

	Amended Warrants
Grant date share price	$0.12
Exercise Price	$0.15
Risk free rate	0.25%
Expected life (years)	0.99
Expected volatility	140%
Expected dividends	0%
Forfeiture rate	0%

Warrants outstanding at September 30, 2021 were as follows:

Expiry Date		Exercise Price $	Outstanding Warrants
November 1, 2021		0.12	312,500
November 8, 2021		0.15	4,162,901
December 23, 2021		0.10	4,292,000
April 10, 2022		0.15	1,752,257
June 4, 2022		0.15	995,668
July 8, 2022		0.15	1,836,465
August 24, 2022		0.08	125,000
December 24, 2022		0.07	62,500
February 28, 2023		0.15	500,000
August 10, 2023		0.10	6,720,500
March 1, 2024		0.10	45,022,210
	$	**0.11**	**65,782,001**

The weighted average remaining contractual life of warrants outstanding at September 30, 2021 is 1.93 years (December 31, 2020 - 0.98 years).

NOTE 9 – SHARE-BASED PAYMENTS

On February 4, 2013, the Company adopted a "rolling" stock option plan for its employees, directors, officers and self-employed consultants, which plan received regulatory approval in 2013. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the Exchange. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

On October 31, 2018, at the Company's Annual General Meeting the shareholders approved a new stock option plan to incorporate the polices of the Canadian Stock Exchange ("CSE"). Under the new stock option plan the maximum number of shares of the Company reserved for issuance will be limited to 10% of the issued shares of the Company at the time of any granting of options (on a non-diluted basis). In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Board may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The exercise price of each option shall be determined by the Board provided that such exercise price shall be not lower than the greater closing price of the Company's shares on the CSE on the trading day prior to the date of grant. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

Expressed in Canadian Dollars except otherwise noted

The Company's recorded share-based payments for the three- and nine-month periods ended September 30, 2021 and 2020 as follows:

a) Stock Options

The Company's recorded share-based compensation for the three and nine-months period ended September 30, 2021 and 2020 comprised the following:

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Stock Options	$ 40,304	$ -	$ 420,745	$ 68,206

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted average exercise price $
Balance, December 31, 2019	**6,864,000**	**$ 0.16**
Granted (i) (ii) (iii)	3,000,000	0.09
Forfeited (i)	(500,000)	0.10
Expired	(2,299,000)	0.18
Balance, December 31, 2020	**7,065,000**	**$ 0.13**
Granted (iv)	6,450,000	0.12
Expired (v)	(3,465,000)	0.19
Balance, September 30, 2021	**10,050,000**	**$ 0.11**

(i) On February 12, 2020, the Company granted 500,000 incentive stock options of the Company in at an exercise price of $0.10 per common share. The stock options are exercisable on or before February 12, 2022 with 125,000 vesting on June 12, 2020, 125,000 vesting on September 12, 2020, 125,000 vesting on December 12, 2020 and the balance vesting on March 12, 2021. Subsequent to the grant all 500,000 stock options were forfeited due to a termination of services with the consultant for which options were granted.

(ii) On February 12, 2020, the Company also granted 200,000 incentive stock options at an exercise price of $0.10 per common share. The stock options are exercisable on or before February 12, 2021 and are fully vested.

(iii) On April 23, 2020, the Company granted 1,500,000 incentive stock options at an exercise price of $0.10 per common share. The stock options are exercisable on or before April 23, 2022 and are fully vested.

(iv) During the nine-month period ended September 30, 2021 the Company granted a total of 6,450,000 incentive stock options with 500,000 granted to an officer of the Company. The remaining 5,950,000 were granted to consultants of the Company. The options have an exercise price of between $0.08 - $0.13 per common share.

(v) During the nine-month period ended September 30, 2021 a total of 3,465,000 stock options expired without exercise resulting in a transfer of $336,822 from share-based payment reserve to accumulated deficit.

The Company fair valued the options using the Black-Scholes option pricing model with the following inputs:

	Nine months ended September 30, 2021	Year ended December 31, 2020
Grant date share price	$0.07 - $0.11	$0.07 - $0.08
Exercise price	$0.08 - $0.13	$0.08 - $0.10
Risk free rate	0.25% - 0.48%	0.23% - 1.51%
Expected life (years)	2.00	1.00- 2.00

Expressed in Canadian Dollars except otherwise noted

	Nine months ended September 30, 2021	Year ended December 31, 2020
Expected volatility	134% - 136%	105% - 133%
Expected dividends	0%	0%
Forfeiture rate	0%	0%

Total fair value of stock options granted during the nine-month period ended September 30, 2021 was $412,350 (nine-month period ended September 30, 2020 - $72,700).

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

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
1,300,000	1,300,000	0.05	February 28, 2022
1,500,000	1,500,000	0.10	April 23, 2022
800,000	800,000	0.08	October 21, 2022
4,900,000	4,900,000	0.13	March 1, 2023
800,000	400,000	0.11	May 4, 2023
400,000	400,000	0.11	May 5, 2023
350,000	350,000	0.0 75	July 8, 2023
10,050,000	**9,650,000**	**$ 0.11**	

The weighted average remaining contractual life of stock options outstanding and exercisable at September 30, 2021 is 1.15 years (December 31, 2020 – 0.70 years).

NOTE 10 – RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers.

The compensation awarded to key management personnel is as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Professional and consulting fees	$ 37,500	$ 60,000	$ 112,500	$ 180,000
Share-based payments	-	-	32,000	-
Total compensation	**$ 37,500**	**$ 60,000**	**$ 144,500**	**$ 180,000**

Other related party transactions

Effective May 1, 2016, the Company entered into an office rental agreement in which an officer and director is a shareholder. The Company was charged rent, office and parking expenses:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Rent, office and parking	$ 22,209	$ 22,164	$ 67,477	$ 79,700

Due to related parties

Balances owed to key management personnel and related parties, which are included in accounts payable and accrued liabilities are as follows:

Expressed in Canadian Dollars except otherwise noted

		September 30, 2021		December 31, 2020
Due to Chief Executive Officer	$	-	$	109,451
Due to Chief Financial Officer		93,639		92,281
Due to an officer and director for rent, office and parking expenses		15,546		30,610
Total due to related parties	**$**	**109,185**	**$**	**232,342**

NOTE 11 – FINANCIAL INSTRUMENTS

Fair values

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying values of cash, receivables, accounts payable, accrued liabilities approximate their fair values due to the immediate or short-term nature of these instruments. The fair values of loans and borrowings approximate their carrying values. There has been no significant change in credit and market interest rates since the date of its receipt.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

Financial assets	
Cash	Amortized cost
Receivables	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost
Share subscriptions payable	Amortized cost

Capital and Risk Management

The Company's objective and polices for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close cooperation with management.

Expressed in Canadian Dollars except otherwise noted

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing debt instrument has a fixed interest rate and is not subject to interest rate cash flow risk.

The interest-bearing financial instruments, as reported in the consolidated financial statements, have the following interest rate profile:

	September 30, 2021	December 31, 2020
Fixed rate instruments	$ 32,782	$ 22,523

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 generally relies on external financing or key management to provide sufficient liquidity to meet budgeted operating requirements. The following table sets forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 1,208,613	$ 1,208,613	$ 1,208,613	$ -	$ -
Loans and borrowings	32,782	40,000	-	40,000	-
Total	**$ 1,241,395**	**$ 1,248,613**	**$ 1,208,613**	**$ 40,000**	**$ -**

Taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company is continuing to review its needs to seek financing opportunities in accordance to its capital risk management strategy.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains financial instruments and enters into transactions denominated in foreign currencies, principally in USD, which exposes the Company to fluctuating balances and cash flows due to various in foreign exchange rates. The current exposure to foreign currency risk is limited to the process of billing and settlement of invoices from a Mexico-based vendor that bills the Company for drilling services rendered.

NOTE 12 – SEGMENT REPORTING

All the Company's operations are in the resource sector. The Company's mineral exploration and development operations are based in Mexico. The exploration and evaluation assets and total assets identifiable within these geographical areas are as follows:

	September 30, 2021	December 31, 2020
Exploration and evaluation assets		
Canada	$ -	$ -
Mexico	3,211,800	3,203,800
Total exploration and evaluation assets	**$ 3,211,800**	**$ 3,203,800**

Expressed in Canadian Dollars except otherwise noted

The Company's assets by country are as follows:

		September 30, 2021		December 31, 2020
Canada	$	426,542	$	135,857
Mexico		3,211,800		3,203,800
Total assets	**$**	**3,638,342**	**$**	**3,339,657**

NOTE 13 – EVENTS AFTER REPORTING PERIOD

- On October 6, 2021, the Company granted 1,000,000 incentive stock options at an exercise price of $0.065 per common share. The stock options are exercisable on or before October 6, 2023.

- On October 19, 2021, the Company granted 1,100,000 incentive stock options at an exercise price of $0.095 per common share. The stock options are exercisable on or before October 19, 2023.

- On November 3, 2021, the Company closed a first tranche of its non-brokered private placement of up to 30,000,000 units (each, a "Unit") at a price of $0.06 per Unit for gross proceeds of up to $1,800,000 that may close in one or more tranches. (the "Offering"). Each Unit consists of one common share of the Company (a "Common Share") and one full non-transferable Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at a price of $0.12 for a period of 36 months from the closing of the Offering. All securities are subject to a four month and one day hold from the closing date. On the first tranche closing the Company issued 12,753,677 Units for gross proceeds of $765,221. As at September 30, 2021, the Company had collected $374,570 in relation to the first tranche of the private placement. This amount was recorded as share subscriptions payable.