

# **Sierra Grande Minerals Inc.**

## **Condensed Consolidated Interim Financial Statements**

**Three Months Ended March 31, 2022, and 2021**

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

## **NOTICE TO READER**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

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

**SIERRA GRANDE MINERALS INC.****Condensed Consolidated Interim Statements of Financial Position***(Unaudited - Expressed in Canadian dollars)*

	Notes	March 31, 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		53,169	74,831
Receivables		20,392	18,944
		73,561	93,775
Exploration and evaluation assets	3	421,455	420,932
<b>TOTAL ASSETS</b>		<b>495,016</b>	<b>514,707</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	4	95,893	44,894
<b>TOTAL LIABILITIES</b>		<b>95,893</b>	<b>44,894</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	5	12,158,372	12,158,372
Subscription received		15,000	-
Reserves	5	4,615,058	4,615,058
Deficit		(16,389,307)	(16,303,617)
<b>TOTAL EQUITY</b>		<b>399,123</b>	<b>469,813</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>495,016</b>	<b>514,707</b>

Nature and continuance of operations 1

On Behalf of the Board

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*"Sonny Janda"*  
Sonny Janda, Director

*"Shaun Dykes"*  
Shaun Dykes, Director

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

**SIERRA GRANDE MINERALS INC.****Condensed Consolidated Interim Statements of Loss and Comprehensive Loss***(Unaudited - Expressed in Canadian dollars)*

<b>Three months ended March 31,</b>	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Operating expenses</b>		
Advertisement and promotion	4,907	-
Filing and transfer fees	3,509	35,217
Foreign exchange loss	-	(2,035)
Management and consulting	60,234	52,484
Office, occupancy, and general	9,040	19,002
Professional fees	8,000	16,812
<b>Net loss and comprehensive loss</b>	<b>(85,690)</b>	<b>(121,480)</b>
<b>Basic and diluted loss per share</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of shares outstanding- basic and diluted</b>	<b>10,725,216</b>	<b>9,389,859</b>

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

**SIERRA GRANDE MINERALS INC.****Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)***(Unaudited - Expressed in Canadian dollars, except share number)*

	Share Capital		Reserves					Total
	Number	Amount	Subscription received	Option	Warrant	Deficit		
		\$	\$	\$	\$	\$	\$	
Balance at December 31, 2020	8,221,416	11,414,732	-	2,916,403	1,454,750	(15,693,612)	92,273	
Shares issuance for cash	2,503,800	743,640	-	-	-	-	743,640	
Net loss for the period	-	-	-	-	-	(121,480)	(121,480)	
Balance at March 31, 2021	10,725,216	12,158,372	-	2,916,403	1,454,750	(15,815,092)	714,433	
Balance at December 31, 2021	10,725,216	12,158,372	-	3,160,308	1,454,750	(16,303,617)	469,813	
Receipt of share subscription	-	-	15,000	-	-	-	15,000	
Net loss for the period	-	-	-	-	-	(85,690)	(85,690)	
Balance at March 31, 2022	10,725,216	12,158,372	15,000	3,160,308	-	1,454,750	(16,389,307)	399,123

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

**SIERRA GRANDE MINERALS INC.****Condensed Consolidated Interim Statements of Cash Flows***(Expressed in Canadian dollars)*

<b>Three months ended March 31,</b>	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(85,690)	(121,480)
Changes in non-cash working capital items		
Receivables	(1,448)	(2,221)
Trade payables and accrued liabilities	50,999	4,662
Net cash flows used in operating activities	(36,139)	(119,039)
<b>Investing activities</b>		
Exploration and evaluation assets	(523)	(144,338)
Net cash flows used in investing activities	(523)	(144,338)
<b>Financing activities</b>		
Proceeds from issuance of common shares	-	743,640
Receipt of share subscriptions	15,000	-
Net cash flows from financing activities	15,000	743,640
Change in cash during the period	(21,662)	480,263
Cash, beginning of period	74,831	347,768
Cash, end of period	53,169	828,031

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

## **SIERRA GRANDE MINERALS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements Three Months Ended March 31, 2022 and 2021 (Unaudited - Expressed in Canadian dollars)**

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#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Sierra Grande Minerals Inc. was incorporated under the laws of the province of Ontario on November 17, 1994. On June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia.

The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol “GVG” as well as on the Berlin and Frankfurt stock exchanges in Germany under the symbol “F91Q”. Commencing June 18, 2021, the Company’s shares began to trade on the OTCQB Venture Market (“OTCQB”) in the United States under the symbol “SIERF”.

The head office, principal address and records office of the Company are 9648-128th Street, Suite 210, Surrey, BC V3T 2X9.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company had not advanced its mining properties to commercial production and has incurred operating losses since inception of its business. The Company’s continuation as a going concern is dependent upon the successful results from its exploration, its ability to attain profitable operations and generate funds from equity, and debt financing to meet its obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with private placements and debt financing from related parties. Should the Company be unable to continue as going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 has impacted vast array of businesses through the restrictions put in place by most governments internationally, including the Canadian and United States federal government as well as provincial/state and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company’s ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company’s business and financial condition.

**SIERRA GRANDE MINERALS INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Three Months Ended March 31, 2022 and 2021**  
*(Unaudited - Expressed in Canadian dollars)*

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**2. BASIS OF PRESENTATION**

**Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended September 30, 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements have been reviewed and authorized for issue by the Board of directors on May 30, 2022.

**Basis of Measurement**

These condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

**Basis of Consolidation**

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of Incorporation	Percentage Owned	
		March 31, 2021	December 31, 2021
Minera Grenville S.A.C.	Peru	100%	100%
Sierra Capital, Inc. (i)	Nevada, U.S.A	100%	100%

(i) Sierra Capital, Inc. is a dormant subsidiary to hold the title of the Company’s mineral interests located in the U.S.A.

**Adoption of new accounting policies**

The Company has not adopted new accounting policies since its recent year ended December 31, 2021.

**3. EXPLORATION AND EVALUATION ASSETS**

**Primus Property**

During the first quarter of 2021, the Company entered into definitive agreements with Primus Resources (“Primus”), a Nevada-based privately held company, whereby Sierra has secured the rights to earn an 100% interest in 3 epithermal gold-silver projects (Giltra/Sat; B&C Springs/Mildred; Betty East) in the State of Nevada, U.S.A., one of which also has porphyry and/or skarn copper-silver-molybdenum potential (collectively the “Projects”).



**SIERRA GRANDE MINERALS INC.****Notes to the Condensed Consolidated Interim Financial Statements****Three Months Ended March 31, 2022 and 2021***(Unaudited - Expressed in Canadian dollars)***3. EXPLORATION AND EVALUATION ASSETS (Continued)****Primus Property (continued)**

The term of the lease payments and work commitments of the Giltra/Sat project is as follows:

<b>Giltra/Sat</b>			
<b>Term</b>	<b>Cash Payments USD\$</b>	<b>Work Commitments USD\$</b>	<b>Share Payments</b>
At closing (i)	\$40,000	-	-
March 1, 2022 (Note 8)	\$40,000	-	-
March 1, 2023	\$50,000	\$75,000	100,000 shares
March 1, 2024	The greater of \$50,000 and 29 ounces of gold	\$150,000	100,000 shares
March 1, 2025	The greater of \$50,000 and 29 ounces of gold	\$225,000	100,000 shares
March 1, 2026	The greater of \$50,000 and 29 ounces of gold	\$350,000	100,000 shares

i) USD\$ 40,000 was paid at closing.

ii) The Company has an option to buy this property with the payments of all the lease payments plus the greater of USD\$395,000 and 232 ounces of gold. .

The term of the lease payments and work commitments of the B&amp;C Springs/Mildred project is as follows:

<b>B&amp;C Springs/Mildred</b>			
<b>Term</b>	<b>Cash Payments USD\$</b>	<b>Work Commitments USD\$</b>	<b>Share Payments</b>
At closing (i)	\$15,000	-	-
March 1, 2022 (Note 8)	\$20,000	-	-
March 1, 2023	\$30,000	\$75,000	100,000 shares
March 1, 2024	The greater of \$40,000 and 24 ounces of gold	\$150,000	100,000 shares
March 1, 2025	The greater of \$50,000 and 29 ounces of gold	\$225,000	100,000 shares
March 1, 2026	The greater of \$50,000 and 29 ounces of gold	\$350,000	100,000 shares

i) USD\$ 15,000 was paid at closing.

ii) The Company has an option to buy this property with the payments of all the annual lease payments plus the greater of USD\$295,000 and 174 ounces of gold.

**SIERRA GRANDE MINERALS INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Three Months Ended March 31, 2022 and 2021**  
*(Unaudited - Expressed in Canadian dollars)*

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**3. EXPLORATION AND EVALUATION ASSETS (Continued)**

**Primus Property (continued)**

The term of the lease payments and work commitments of the Betty East project is as follows:

<b>Betty East</b>			
<b>Term</b>	<b>Cash Payments USD\$</b>	<b>Work Commitments USD\$</b>	<b>Share Payments</b>
At closing (i)	\$20,000	-	-
March 1, 2022 (Note 8)	\$25,000	-	-
March 1, 2023	\$30,000	\$75,000	100,000 shares
March 1, 2024	The greater of \$50,000 and 29 ounces of gold	\$150,000	100,000 shares
March 1, 2025	The greater of \$50,000 and 29 ounces of gold	\$225,000	100,000 shares
March 1, 2026	The greater of \$50,000 and 29 ounces of gold	\$350,000	100,000 shares

i) USD\$ 20,000 was paid at closing.

ii) The Company has an option to buy this property with the payments of all the annual lease payments plus the greater of USD\$275,000 and 162 ounces of gold.

Continuity of the Company's exploration and evaluation assets is as follow:

	<b>Primus</b>
	\$
Balance, December 31, 2020	-
Acquisition	107,200
New claims staking	95,662
Deferred exploration cost:	
Permit renewal	30,572
Geophysical analysis	187,498
Balance, December 31, 2021	420,932
Geophysical analysis	523
Balance, March 31, 2022	421,455

**SIERRA GRANDE MINERALS INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Three Months Ended March 31, 2022 and 2021**  
*(Unaudited - Expressed in Canadian dollars)*

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**3. EXPLORATION AND EVALUATION ASSETS (Continued)**

**Silveria Property**

During the year ended December 31, 2020 the Company sold its Silveria mining concessions located in Peru, which was fully impaired in 2017, to CIEMSA, a private Peruvian company. The aggregate sale price of USD \$1,000,000 is payable over a 3 year period commencing August 21, 2020 as follow:

- USD \$200,000 (CDN \$254,640) upon signing of agreement (received)
- USD \$100,000 (CDN \$127,320) after 12 months
- USD \$450,000 (CDN \$572,940) after 24 months
- USD \$250,000 (CDN \$318,300) after 36 months.

In addition to the cash payments, the Company retains a 1% Net Smelter Royalty (“NSR”) for 3 years commencing upon the date of mineral extraction/production.

Given the uncertainty of the collection of the proceeds of disposition, the Company will recognize the proceeds on the statement of loss and comprehensive loss as received. During the year ended December 31, 2021 and three months ended March 31, 2022, the Company has not received further payments from this disposition and the Company has engaged an agent in Peru for the collection of the outstanding proceeds.

**4. TRADE PAYABLES AND ACCRUED LIABILITIES**

	March 31, 2022	December 31, 2021
	\$	\$
Accounts payable	23,059	22,894
Accrued liabilities	72,834	25,058
	<u>95,893</u>	<u>47,952</u>

**5. SHARE CAPITAL**

On March 4, 2022, the Company consolidated its common shares on a 5-1 basis. The presentation of number of outstanding shares, loss per share, exercise price of options and warrants have been adjusted retrospectively in these financial statements and accompanying notes.

Authorized share capital: An unlimited number of common and preferred shares without par value

The Company has not issued common shares during three months ended March 31, 2022 (Note 8 )

**SIERRA GRANDE MINERALS INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Three Months Ended March 31, 2022 and 2021**  
*(Unaudited - Expressed in Canadian dollars)*

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**5. SHARE CAPITAL (Continued)**

In February, 2021, the Company completed a private placement and issued 2,503,800 units and received net proceeds of \$743,640 (gross proceeds of \$751,140 net of issuance cost of \$7,500). Each unit consists of one common share and one warrant, exercisable at \$0.40 for two years after closing, subject to an accelerated 30-day expiry date in the event the Company's shares trade at or above \$1.25 for 10 consecutive days. The Company applied residual method and allocated \$Nil to the warrant reserve to account for the issuance of these warrants.

**Stock Option**

The Company has established a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of options. The term of the stock options granted is fixed by the Board of Directors and is not to exceed five years. The exercise prices of the stock options granted may not be less than the minimum then specified by the rules of the CSE. Vesting periods are determined by the Board.

There were no options granted, exercised, and expired during three months ended March 31, 2022.

On April 13, 2021, the Company granted 314,000 stock options to directors, officers, employees and consultants. The options are exercisable at \$1.25 per share and expire two years from the date of grant. 274,000 options granted were fully vested on April 13, 2021. 40,000 options granted to an investor relation consultant are vested in one year over four quarterly instalments.

Stock options outstanding and exercisable as at March 31, 2022 are as follows:

Exercise price	Number of option outstanding	Expiry date	Number of option exercisable
\$1.25	314,000	13-Apr-23	294,000

The Company did not recognize share-based compensation during three months ended March 31, 2022 (2021 - \$Nil)

The option reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount is transferred to share capital.

**Warrant Reserve**

The warrant reserve records the fair value of warrants issued until such time that they are exercised, at which time the corresponding amount is transferred to share capital.

**SIERRA GRANDE MINERALS INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Three Months Ended March 31, 2022 and 2021**  
*(Unaudited - Expressed in Canadian dollars)*

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**5. SHARE CAPITAL (Continued)**

**Warrants**

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding at December 31, 2020	-	-
Issuance	2,503,800	\$ 2.00
Outstanding at March 31, 2022 and December 31, 2021	2,503,800	\$ 2.00

As at March 31, 2022, the outstanding warrants have a remaining life of 0.83 years.

**6. RELATED PARTY TRANSACTIONS**

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 has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Transaction with related parties are as follows:

<b>Three months ended March 31,</b>		<b>2022</b>	<b>2021</b>
		\$	\$
Chief Executive Officer ("CEO)	consulting	30,000	15,000
Chief Financial Officer	consulting	6,600	6,000
Companies related to the CEO	Management services	16,800	16,800
Directors	consulting	15,234	15,966

As at March 31, 2022, there was an amount owing of \$50,956 (2021/12/31 - \$4,042) due to related parties that was included in the Company's trade payables and accrued liabilities.

**7. FINANCIAL RISK AND CAPITAL MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

## **SIERRA GRANDE MINERALS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements Three Months Ended March 31, 2022 and 2021 (Unaudited - Expressed in Canadian dollars)**

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#### **7. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)**

##### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is its cash held in bank accounts. Cash is deposited in bank accounts held with major banks in Canada and Peru. As most of the Company's cash is held by two banks, there is a concentration of credit risk. However, this risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

##### **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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient holdings of cash and cash equivalents to meet its short-term exploration and evaluation requirements and anticipated operating cash flows.

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

##### **Foreign Exchange Risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Peruvian subsidiaries are exposed to currency risk as they incur expenditures that are denominated in US dollars and the Peruvian Soles, and their functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. As at March 31, 2022, a 10% fluctuation in the US dollar and Peruvian Sole would not have a material impact to the Company's financial statements.

##### **Interest Rate Risk**

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

**SIERRA GRANDE MINERALS INC.**

**Notes to the Condensed Consolidated Interim Financial Statements**  
**Three Months Ended March 31, 2022 and 2021**  
*(Unaudited - Expressed in Canadian dollars)*

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**7. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)**

**Financial Instruments**

The fair value of the Company's assets and liabilities approximate the carrying amount.

The Company's financial instruments consist of cash, amounts receivable, accounts payable, and advance payable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The following summarizes fair value hierarchy under which the Company's financial instruments are valued:

Level 1 – fair values based on unadjusted quoted prices in active markets for identified assets of liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using Level 1 input. The carrying balance of accounts payable approximate its fair value due to their short-term nature.

**8. SUBSEQUENT EVENTS**

The Company completed a non-brokered private placement (the "Financing") in April 2022 for the issuance of 13,585,999 security unit ("Unit") at a price of \$0.15 per Unit. Each Unit consists of one post-consolidation common share in the equity of the Company and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.20 per common share for a period of three years from the closing of the Financing. Warrants are subject to a \$0.05 increase in the second and third years of the Warrant term. Warrants are further subject to an acceleration clause, whereby after the first year of the Warrant term, if the common shares of the Company trade and close at \$0.60 per common share or higher, the Company has the right to accelerate the Warrants for exercise within 30 days of an exercise notice. Securities issued as a result of the Financing will be subject to a one year hold period.

The annual lease payments for the Giltra/Sat project (USD\$40,000), B&C Springs/Mildred Project (USD\$20,000), and Betty East project (USD\$25,000) which was due on March 1, 2022 (Note 3) have been delayed pending the closing of the Financing and subsequently paid on May 1, 2022.

**SIERRA GRANDE MINERALS INC.**

**Notes to the Condensed Consolidated Interim Financial Statements**

**Three Months Ended March 31, 2022 and 2021**

*(Unaudited - Expressed in Canadian dollars)*

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**9. CONTINGENCIES**

As at March 31, 2022, the Company's subsidiary Minera Grenville S.A.C. was named as a defendant of four administrative claims for \$33,000 (Peru SOLES 103,956). The Company has present the required defense to dismiss these claims. The financial impacts to the Company are not determinable and the Company has not accrued any expenditure or liability as of the date of this report.