

# **Sierra Grande Minerals Inc.**

## **Condensed Consolidated Interim Financial Statements**

**Three and Nine Months Ended September 30, 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	September 30 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		1,444,020	74,831
Receivables		10,301	18,944
Prepaid		45,000	-
		1,499,321	93,775
Exploration and evaluation assets	3	801,284	420,932
<b>TOTAL ASSETS</b>		<b>2,300,605</b>	<b>514,707</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	4	69,493	44,894
<b>TOTAL LIABILITIES</b>		<b>69,493</b>	<b>44,894</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	5	14,196,272	12,158,372
Reserves	5	4,617,643	4,615,058
Deficit		(16,582,803)	(16,303,617)
<b>TOTAL EQUITY</b>		<b>2,231,112</b>	<b>469,813</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,300,605</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)*

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Operating expenses</b>				
Advertising and promotion	-	19,523	6,976	44,452
Exploration - general	-	-	-	29,649
Filing and transfer fees	3,841	2,473	35,527	49,557
Foreign exchange gain	(49,882)	-	(70,073)	-
Management and consulting	82,144	53,756	221,889	179,506
Office, occupancy, and general	9,539	723	30,515	26,338
Professional fees	7,500	2,000	51,767	32,096
Share-based compensation	-	8,498	2,585	263,498
<b>Net loss and comprehensive loss</b>	<b>(53,142)</b>	<b>(86,973)</b>	<b>(279,186)</b>	<b>(625,096)</b>
<b>Basic and diluted loss per share</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.06)</b>
<b>Weighted average number of shares outstanding- basic and diluted</b>	<b>24,311,215</b>	<b>10,725,219</b>	<b>18,467,237</b>	<b>10,284,990</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	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
Share-based compensation	-	-	255,000	-	-	255,000
Net loss for the period	-	-	-	-	(625,096)	(625,096)
Balance at September 30, 2021	10,725,216	12,158,372	3,171,403	1,454,750	(16,318,708)	465,817
Balance at December 31, 2021	10,725,216	12,158,372	3,160,308	1,454,750	(16,303,617)	469,813
Shares issued for cash	13,585,999	2,037,900	-	-	-	2,037,900
Share-based compensation	-	-	2,585	-	-	2,585
Net loss for the period	-	-	-	-	(279,186)	(279,186)
Balance at September 30, 2022	24,311,215	14,196,272	3,162,893	- 1,454,750	(16,582,803)	2,231,112

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

<b>Nine Months Ended September 30,</b>	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Operating Activities</b>		
Net loss for the year	(279,186)	(625,096)
Adjustment for non-cash items		
Share-based compensation	2,585	263,498
Changes in non-cash working capital items		
Prepaid	(45,000)	(47,130)
Receivables	8,643	(8,565)
Trade payables and accrued liabilities	24,599	4,140
Net cash flows used in operating activities	(288,359)	(413,153)
<b>Investing Activities</b>		
Exploration and evaluation assets	(380,352)	(334,619)
Net cash flows used in investing activities	(380,352)	(334,619)
<b>Financing Activities</b>		
Proceeds from issuance of common shares	2,037,900	743,640
Net cash flows from financing activities	2,037,900	743,640
Change in cash during the period	1,369,189	(4,132)
Cash, beginning of period	74,831	223,337
Cash, end of period	1,444,020	219,205

*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 and Nine Months Ended September 30, 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 and Nine Months Ended September 30, 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 December 31, 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 November 29, 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	
		September 30, 2022	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 Properties

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” or “Primus Properties”).



**SIERRA GRANDE MINERALS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
Three and Nine Months Ended September 30, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars)****3. EXPLORATION AND EVALUATION ASSETS (Continued)****Primus Properties (continued)**

The terms of the lease payments and work commitments of the Giltra/Sat project are 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 (paid)	\$40,000	-	-
March 1, 2022 (paid)	\$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

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 terms of the lease payments and work commitments of the B&C Springs/Mildred project are 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 (paid)	\$15,000	-	-
March 1, 2022 (paid)	\$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

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 and Nine Months Ended September 30, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars)****3. EXPLORATION AND EVALUATION ASSETS (Continued)****Primus Properties (continued)**

The terms of the lease payments and work commitments of the Betty East project are as follows:

**Betty East**

<b>Term</b>	<b>Cash Payments USD\$</b>	<b>Work Commitments USD\$</b>	<b>Share Payments</b>
At closing (paid)	\$20,000	-	-
March 1, 2022 (paid)	\$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

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 Properties</b>	<b>Acquisition and maintenance of permits</b>	<b>Geophysical analysis</b>	<b>Total</b>
	\$	\$	\$
Balance, December 31, 2020	-	-	-
Addition	233,434	187,498	420,932
Balance, December 31, 2021	233,434	187,498	420,932
Addition	294,596	85,756	380,352
Balance, September 30, 2022	528,030	273,254	801,284

**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.

## SIERRA GRANDE MINERALS INC.

### Notes to the Condensed Consolidated Interim Financial Statements Three and Nine Months Ended September 30, 2022 and 2021 (Unaudited - Expressed in Canadian dollars)

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

##### Silveria Property (continued)

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 nine months ended September 30, 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

	September 30, 2022	December 31, 2021
	\$	\$
Accounts payable	38,693	22,894
Accrued liabilities	30,800	22,000
	69,493	44,894

#### 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

Number of outstanding common shares:

##### 2022

The Company completed a non-brokered private placement in April 2022 for the issuance of 13,585,999 security unit at a price of \$0.15 per unit for gross proceeds of \$2,037,900. Each unit consists of one common share and one common share purchase warrant. Each warrant can be exercised into one common share at a price of \$0.20 per common share for a period of three years from the closing of the Financing. The exercise price of these warrants is subject to a \$0.05 increase in the second and third years of the warrant term. These warrants are further subject to an acceleration clause, whereby after the first year of the warrant term, if the Company’s common shares trade or close at \$0.60 per share or higher, the Company has the right to accelerate the warrants for exercise within 30 days of an exercise notice. These units are subject to a one-year hold period.

The Company applied residual method and allocated a value of \$Nil to the warrants issued.

## SIERRA GRANDE MINERALS INC.

### Notes to the Condensed Consolidated Interim Financial Statements Three and Nine Months Ended September 30, 2022 and 2021 (Unaudited - Expressed in Canadian dollars)

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#### 5. SHARE CAPITAL (Continued)

##### 2021

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 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.

##### 2022

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 nine months ended September 30, 2022. Stock options outstanding and exercisable as at September 30, 2022 are as follows:

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

The Company recognize share-based compensation of \$2,585 during the nine months ended September 30, 2022 (2021 - \$Nil)

##### 2021

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.

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.

**SIERRA GRANDE MINERALS INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Three and Nine Months Ended September 30, 2022 and 2021**  
*(Unaudited - Expressed in Canadian dollars)*

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**5. SHARE CAPITAL (Continued)**

**Warrants**

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.

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding at December 31, 2020	-	-
Issuance	2,503,800	\$ 0.40
Outstanding at December 31, 2021	2,503,800	0.40
Issuance	13,585,999	0.20
Outstanding at September 30, 2022	16,089,799	\$ 0.23

As at September 30, 2022, the outstanding warrants have a remaining life of 2.20 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>Nine months ended September 30,</b>		<b>2022</b>	<b>2021</b>
		\$	\$
Key management	Consulting	107,939	179,506
A company related to the CEO	Management services and consulting	117,200	53,700
Officers and Directors	Share-based compensation	-	157,000

As at September 30, 2022, there was an amount owing of \$34,200 (2021/12/31 - \$4,042) due to related parties that was included in the Company's trade payables and accrued liabilities.

## **SIERRA GRANDE MINERALS INC.**

### **Notes to the Condensed Consolidated Interim Financial Statements Three and Nine Months Ended September 30, 2022 and 2021 (Unaudited - Expressed in Canadian dollars)**

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#### **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:

##### **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 US exploration activities exposed to currency risk as they incur expenditures that are denominated in US dollars. The Company does not hedge its exposure to fluctuations in foreign exchange rates. As at September 30, 2022, the Company held cash of \$805,000 that was denominated in US dollar. A 10% fluctuation in the US dollar would have an impact of \$80,500 to the Company's loss and comprehensive loss.

##### **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 and Nine Months Ended September 30, 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. CONTINGENCIES**

As at September 30, 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 presented 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.