MAKARA MINING CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company for the nine months ended September 30, 2021 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

MAKARA MINING CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at September 30, 2021 and December 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

		September 30, 2021		December 31, 2020
ASSETS				
Current				
Cash	$	18,243	$	447,352
Amount receivable		26,566		46,151
Prepaid expenses (Note 7)		18,161		31,952
		62,970		525,455
Equipment		5,440		2,912
Exploration and evaluation assets (Note 5)		681,450		334,101
	$	749,860	$	862,468
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 7)	$	160,114	$	33,295
Due to related party (Note 7)		12,500		-
		172,614		33,295
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		6,745,721		5,799,671
Contributed surplus		247,356		136,903
Deficit		(6,415,831)		(5,107,401)
		577,246		829,173
	$	749,860	$	862,468

Going concern (Note 2)
Commitments (Notes 5 and 6)
Subsequent event (Note 5)

APPROVED ON BEHALF OF THE BOARD:

"Andrew H. von Kursell" Director
Andrew H. von Kursell

"Grant Hendrickson" Director
Grant Hendrickson

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

MAKARA MINING CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Administrative expenses				
Advertising and promotion	$ -	$ 10,296	$ -	$ 14,043
Consulting fees (Note 7)	23,000	2,303,489	205,581	3,551,738
Depreciation	226	-	678	-
Filing fees	3,000	3,607	25,156	29,012
General exploration costs	22,539	622,392	196,994	797,392
Office and general	14,476	2,552	34,304	6,756
Rent	-	-	-	1,483
Professional fees	-	26,331	41,457	132,235
Share based payments (Note 6 and 7)	38,258	-	540,703	-
Shareholder information	-	13,041	10,150	18,484
Transfer agent	3,476	2,656	16,614	6,098
Travel	-	34,860	-	34,860
Website	560	-	1,290	20,000
Impairment of exploration and evaluation asset	-	-	235,503	-
Net loss and comprehensive loss for the period	$ (105,535)	$ (3,019,224)	$ (1,308,430)	$ (4,612,101)
Basic and diluted loss per share	$ (0.00)	$ (0.11)	$ (0.04)	$ (0.23)
Weighted average number of common shares outstanding	37,088,789	28,184,961	36,499,594	20,328,055

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

MAKARA MINING CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares	Capital Stock	Special Warrants	Subscriptions received	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2019	14,998,273	$ 419,925	$ -	$ -	$ -	$ (54,256)	$ 365,669
Special warrants subscription received	-	-	209,841	-	-	-	209,841
Conversion of special warrants	2,098,413	209,841	(209,841)	-	-	-	-
Share issuances							
Private placement	6,814,332	1,703,583	-	-	-	-	1,703,583
Exercise of warrants	10,101,385	2,842,462	-	-	-	-	2,842,462
Share issue cost - cash	-	(34,860)	-	-	-	-	(34,860)
Agent's warrants issued	-	(65,500)	-	-	65,500	-	-
Shares issued pursuant to option agreements	125,000	145,000	-	-	-	-	145,000
Subscription received	-	-	-	950	-	-	950
Net loss for the period	-	-	-	-	-	(4,612,101)	(4,612,101)
Balance, September 30, 2020	34,137,403	$ 5,220,451	$ -	$ 950	$ 65,500	$ (4,666,357)	$ 620,544
Balance, December 31, 2020	35,172,343	$ 5,799,671	$ -	$ -	$ 136,903	$ (5,107,401)	$ 829,173
Share issuances							
Warrants exercised	1,500	300	-	-	-	-	300
Shares issued pursuant to property agreement	1,000,000	495,000	-	-	-	-	495,000
Shares issued pursuant to property agreement	50,000	20,500	-	-	-	-	20,500
Shares issued under restricted share unit plan	1,087,500	430,250	-	-	(430,250)	-	-
Share based compensation RSU	-	-	-	-	430,250	-	430,250
Share based compensation Stock options	-	-	-	-	110,453	-	110,453
Net loss for the period	-	-	-	-	-	(1,308,430)	(1,308,430)
Balance, September 30, 2021	37,311,343	$ 6,745,721	$ -	$ -	$ 247,356	$ (6,415,831)	$ 577,246

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

MAKARA MINING CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the nine months ended September 30, 2021	2020
Operating Activities		
Net loss for the period	$ (1,308,430)	$ (4,612,101)
Items not affecting cash:		
Amortization	678	-
Share-based payments	540,703	-
Write-off of exploration and evaluation asset	235,503	-
Changes in non-cash working capital items related to operations:		
Amount receivable	19,585	(29,247)
Prepaid expenses and deposits	13,791	(7,254)
Accounts payable and accrued liabilities	126,819	(3,427)
Cash used in operating activities	(371,351)	(4,652,029)
Investing Activities		
Fixed assets	(3,206)	-
Mineral property acquisition	(67,352)	(189,101)
Cash used in investing activities	(70,558)	(189,101)
Financing Activities		
Due to related party	12,500	-
Shares issued for cash	300	4,755,887
Share issue cost		(34,860)
Commitment to issue shares	-	950
Cash provided by financing activities	12,800	4,721,977
Change in cash during the period	(429,109)	(119,153)
Cash, beginning of period	447,352	338,997
Cash, end of the period	$ 18,243	$ 219,844
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Non-cash Transactions:		
Shares issued for exploration and evaluation assets	$ 515,500	$ 145,000
Shares issued for RSU	$ 430,250	$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange ("CSE"). On April 28, 2020, the Company received a receipt from the British Columbia Securities Commission for its long -form prospectus dated April 27, 2020 and commenced trading on the CSE on May 4, 2020 under the trading symbol "MAKA".

The Company was incorporated on September 17, 2019 in British Columbia. The head office of the Company is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 1T2 and its registered and records office is located at 6th Floor, 905 West Pender Street, Vancouver, British Columbia, Canada, V6C 1L6.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed 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"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

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

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed interim financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Going Concern

These financial statements have been prepared on the assumption that the Company 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. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At September 30, 2021, the Company has not achieved profitable operations, has accumulated losses of $6,415,831 since inception and expects to incur further losses in the development of its business.

There was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern – (cont'd)

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at December 31, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and Evaluation Asset and Impairment

The application of the Company's accounting policy for exploration and evaluation assets and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)

Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgement. See Note 2(c).

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title or interest therein. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

5. EXPLORATION AND EVALUATION ASSETS

	Kenora Gold Property	Rude Creek Property	Win Property	Idaho Property	Davis and Paradise Properties	Total
Deferred costs						
Balance, December 31, 2019	$ 40,000	$ -	$ -	$ -	$ -	$ 40,000
Cash payment		50,000	-	5,000	98,101	153,101
Shares issued	-	-	-	38,000	107,000	145,000
Staking cost	-	-	36,000	-	-	36,000
Impairment	(40,000)	-	-	-	-	(40,000)
Balance, December 31, 2020	$ -	$ 50,000	$ 36,000	$ 43,000	$ 205,101	$ 334,101
Cash payment	-	25,000	-	10,000	30,402	65,402
Shares issued	-	495,000	-	20,500	-	515,500
Staking cost	-	1,950	-	-	-	1,950
Impairment	-	-	-	-	(235,503)	(235,503)
Balance, September 30, 2021	$ -	$ 571,950	$ 36,000	$ 73,500	$ -	$ 681,450

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

Summary of exploration expenditures for the nine months ended September 30, 2021.

	Total cumulative expenditure to December 31, 2019	Exploration Expenditures to December 31, 2020	Total cumulative expenditure to December 31, 2020	Exploration Expenditures to September 30, 2021	Total cumulative expenditure to September 30, 2021
Kenora Gold Property					
Exploration expenditures					
Geological	$ 15,000	$ 97,345	$ 112,345	$ -	$ 112,345
	15,000	97,345	112,345	$ -	112,345
Rude Creek and Win Properties					
Exploration expenditures					
Assays	-	123,895	123,895	-	123,895
Drilling	-	374,585	374,585	-	374,585
Field and miscellaneous	-	15,514	15,514	67,755	83,269
Geological	-	142,296	142,296	-	142,296
Geological report	-	16,000	16,000	3,513	19,513
Maintenance payments	-	-	-	17,745	17,745
	-	672,290	672,290	89,013	761,303
Idaho Property					
Exploration expenditures					
Assays	-	4,168	4,168	-	4,168
Contractors and suppliers	-	32,171	32,171	-	32,171
Field and miscellaneous	-	3,966	3,966	7,566	11,532
Labour	-	15,981	15,981	-	15,981
Supervision fees	-	3,388	3,388	-	3,388
	-	59,674	59,674	7,566	67,240
Davis and Paradise Claims					
Exploration expenditures					
Assays	-	347	347	-	347
Drilling	-	7,991	7,991	89,394	97,385
Field and miscellaneous	-	9,458	9,458	-	9,458
Geological	-	22,814	22,814	-	22,814
Reclamation cost	-	-	-	11,021	11,021
Supervision	-	6,468	6,468	-	6,468
Surveying	-	24,146	24,146	-	24,146
	-	71,224	71,224	100,415	171,639
Total	$ 15,000	$ 900,533	$ 915,533	$ 196,994	$ 1,112,527

5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

Kenora Gold Property

By a mineral property option agreement dated November 24, 2019, the Company may acquire up to a 100% interest in the Kenora Gold Property. This property consists of 40 mineral tenures and is located in the Kenora Mining Region, Ontario. As consideration, the Company will pay cash of $110,000, issue 700,000 common shares of the Company and incur $360,000 in exploration expenditures as follows:

a) Cash payment of $40,000 within seven days of signing of the Agreement (paid);
b) Incur a minimum of $110,000 in exploration expenditures within the first year from the agreement date (November 24, 2020);
c) Cash payment of $30,000 and issuance of 300,000 common shares of the Company on the first anniversary of the listing of the Company on the CSE; and
d) Cash payment of $40,000, issuance of 400,000 common shares of the Company and incur a minimum of $250,000 in exploration expenditures on or before the second anniversary date of the agreement (November 24, 2021).

Should the Company acquire 100% of the property, the optionor will retain a 1% net smelter returns royalty, one half of which may be purchased by the Company for $500,000. The property is also subject to an aggregate of 4.5% in net smelter returns royalties in favour of previous owners of the property.

Management determined there is uncertainty with respect to whether the Company will continue exploring the property, and as a result, an impairment charge of $40,000 was recognized for the year ended December 31, 2020.

Rude Creek Property

By a mineral property option agreement dated May 11, 2020, the Company may acquire up to a 70% interest in the Rude Creek Property. This property consists of 14 mineral tenures covering 4,157 hectares in the Whitehorse Mining District in the Yukon Territory. As consideration, the Company will pay cash of $125,000, issue 3,750,000 common shares of the Company and fund aggregate expenditures of $3,175,000 as follows:

a) Cash payment of $50,000 on the effective date (paid);
b) Complete a going public transaction and fund expenditures on the property of at least $175,000 (paid) on or before September 30, 2020;
c) Cash payment of $25,000 and issue 1,000,000 common shares on or before March 1, 2021 (paid and shares issued);
d) Fund expenditures on the property of at least $500,000 on or before September 30, 2021 (incurred);
e) Cash payment of $25,000 and issue 1,250,000 common shares on or before March 1, 2022;
f) Fund expenditures on the property of at least $1,000,000 on or before September 30, 2022;
g) Cash payment of $25,000 and issue 1,500,000 common shares on or before March 1, 2023; and
h) Fund expenditures on the property of $1,500,000 on or before September 30, 2023.

Should the Company acquire 70% of the property, the optionor will retain a 3% net smelter returns royalty, 1% of which may be purchased by the Company for $2,000,000.

5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

Win Property

On September 21, 2020, the Company staked an additional 127 claims (Win Claims) which is contiguous with the southern boundary to the Rude Creek Property for a total of $36,000.

Idaho Property

By a property option agreement dated August 19, 2020 and as amended on October 13, 2021, the Company may earn a 100% interest in the Idaho property. The property consists of 58 mineral tenures located in the Whitehorse Mining District in the Yukon Territory. As consideration, the Company will pay of $150,000, issue 750,000 common shares of the Company and incur aggregate expenditures of $2,000,000 as follows:

a) Cash payment of $5,000 (paid) and issuance of 25,000 common shares (issued) of the Company upon execution of this agreement;
b) Incur $50,000 in exploration expenditures on or before December 1, 2020 (incurred);
c) Cash payment of $10,000 and issuance of 50,000 common shares of the Company on or before May 1, 2021 (paid and shares issued);
d) Incur an additional $25,000 in exploration expenditures on or before December 1, 2021;
e) Cash payment of $20,000 and issuance of 100,000 common shares of the Company on or before May 1, 2022;
f) Incur an additional $225,000 in exploration expenditures on or before December 1, 2022;
g) Cash payment of $25,000 and issuance of 250,000 common shares of the Company on or before May 1, 2023;
h) Incur an additional $500,000 in exploration expenditures on or before December 1, 2023;
i) Cash payment of $90,000 and issuance of 325,000 common shares of the Company on or before May 1, 2024; and
j) Incur an additional $1,200,000 in exploration expenditures on or before December 1, 2024.

The Company hereby agreed that if it has not incurred aggregated expenditures equal to or greater than $300,000 on or before December 1, 2022, the Company will pay the difference to the optionor on or before December 15, 2022.

Should the Company acquire 100% of the property, the optionor will retain a 2% net smelter returns royalty, 1% of which may be purchased by the Company for $1,000,000.

Davis and Paradise Properties

By an option agreement dated September 10, 2020, the Company may earn a 60% interest in the Davis and Paradise Valley claim blocks located in Nye county, Nevada from Almadex Minerals Ltd. ("Almadex"). The property encompasses 900 hectares consisting of two contiguous parcels of land comprising of 34 Davis claims and 79 Paradise Valley claims. As consideration, the Company will pay US$25,000, reimburse annual claim fees, issue 3,500,000 common shares of the Company and incur aggregate expenditures of US$3,500,000 as follows:

5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

Davis and Paradise Properties – (cont'd)

a) Pay to the Optionor US$25,000 (paid) on the effective date and satisfy all underlying obligations, including payment of annual claim fees due in September 2020 (paid) and issue 100,000 common shares of the Company on the effective date (issued);
b) Issuance of 400,000 common shares of the Company on or before the 1st anniversary date;
c) Issuance of 500,000 common shares of the Company on or before the 2nd anniversary date;
d) Issuance of 500,000 common shares of the Company on or before the 3rd anniversary date;
e) Issuance of 500,000 common shares of the Company on or before the 4th anniversary date;
f) Issuance of 1,500,000 common shares of the Company on or before the 5th anniversary date.
g) Incur exploration expenditures of not less than an aggregate of US$250,000 in exploration expenditures on or before the 1st anniversary date and must incur not less than an aggregate US$250,000 in exploration expenditures on or before each successive anniversary date and not less than an aggregate US$3,500,000 in exploration expenditures on or before the 5th anniversary date.

Management decided that it cannot continue with the Davis and Paradis Properties and as a result, an impairment charge of $235,503 was recognized during the period ended September 30, 2021.

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

During the nine months ended September 30, 2021:

On February 23, 2021, pursuant to the terms of the May 11, 2020 property option agreement, the Company issued 1,000,000 common shares fair valued at $495,000.

On May 1, 2021, pursuant to the August 19, 2020 property option agreement, the Company issued 50,000 common shares fair valued at $20,500.

During the nine months ended September 30, 2021 pursuant to the Restricted Share Unit Plan, the Company issued an aggregate of 1,087,500 common shares fair valued at $430,250. This amount is recorded in share-based payments.

During the nine months ended September 30, 2021, the Company issued 1,500 common shares pursuant to the exercise of share purchase warrants for total proceeds of $300.

6. SHARE CAPITAL – (cont'd)

(b) Issued – (cont'd)

During the year ended December 31, 2020:

On February 7, 2020, the Company issued an aggregate of 2,098,413 Special Warrants at a price of $0.10 per Special Warrant and received gross proceeds of $209,841. Each Special Warrant entitles the holder to acquire, without further payment, one unit. Each unit is comprised of one common share of the Company and one warrant, exercisable into one common share of the Company at an exercise price of $0.20 for two years from the date the Company's shares commence trading on the CSE. Each Special Warrant will automatically convert at 5:00 p.m. (Vancouver time) on the date that is the earlier of: (a) the third business day after the date on which a receipt for a final prospectus to qualify for distribution the units is received by the Company from the British Columbia Securities Commission; and (b) one year from the issuance date. On May 4, 2020, 2,098,413 Special Warrants were converted into 2,098,413 units. Each unit is comprised of one common share of the Company and one warrant, exercisable into one common share of the Company at an exercise price of $0.20 expiring on May 3, 2022.

On May 22, 2020, the Company completed a non-brokered private placement of 6,814,332 units at a price of $0.25 per unit for total proceeds of $1,703,583. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.50 per share expiring three years from the date of issuance. In connection with the private placement the Company paid a cash finder's fee $34,860 and issued 139,440 finders' warrants exercisable at $0.50 for a period of three years from the date of issuance. These finder's warrants were fair valued at $65,500 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.29%; dividend yield of 0%; volatility of 100% and expected life of three years and a stock price of $0.25.

On September 4, 2020, pursuant to the terms of the August 19, 2020 property option agreement, the Company issued 25,000 common shares fair valued at $38,000.

On September 22, 2020, pursuant to the terms of the September 10, 2020 property option agreement with Almedex, the Company issued 100,000 common shares fair valued at $107,000.

On November 13, 2020, the Company issued 139,440 common shares pursuant to the exercise of finders' warrants for total proceeds of $69,720. The Company also transferred $65,500 from contributed surplus.

During the year ended December 31, 2020, the Company issued an aggregate of 10,996,885 common shares pursuant to the exercise of share purchase warrants for total proceeds of $3,286,462.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)

(c) Share Purchase Warrants

The changes in Share purchase warrants were as follows:

	September 30, 2021	Weighted Average Exercise Price	December 31, 2020	Weighted Average Exercise Price
Balance, beginning of period	1,914,500	$0.49	3,998,640	$0.10
Issued	-	-	8,912,745	0.43
Exercised	(1,500)	0.20	(10,996,885)	0.30
Balance, end of period	1,913,000	$0.49	1,914,500	$0.49

As at September 30, 2021, the Company had 1,913,000 share purchase warrants outstanding as follows:

Number of Warrants	Exercise Price	Expiry Date
57,000	$0.20	May 3, 2022
1,856,000	$0.50	May 22, 2023
1,913,000		

(d) Finder's Warrants

	September 30, 2021	Weighted Average Exercise Price	December 31, 2020	Weighted Average Exercise Price
Balance, beginning of period	-	$ -	-	$ -
Issued	-	-	139,440	0.50
Exercised	-	-	(139,440)	0.50
Balance, end of period	-	$ -	-	$ -

(e) Stock Options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of ten years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)

(e) Stock Options – (cont'd)

On March 17, 2021, the Company granted 487,500 stock options to directors and officers of the Company and consultants. The stock options entitle the holders thereof the right to purchase one common share for each option at $0.38 per share expiring on October 27, 2025. The stock option vest at 50% on March 17, September 17, 2021 and 50% on March 17, 2022. The fair value of the stock options of $126,750 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of $0.38; Risk-free interest rate of 0.74%; Dividend yield of 0%; Expected life of 4 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the nine months ended September 30, 2021, the Company recorded $54,396 in share-based payments.

On October 27, 2020, the Company granted 510,000 stock options to directors and officers of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at $0.93 per share expiring on October 27, 2025. The stock option vest as follows: 97,500 stock options on the date of grant, 153,000 stock options on October 27, 2021, 185,500 stock options on October 27, 2022 and 74,000 stock options on October 27, 2023. The fair value of the stock options of $351,900 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of $0.93; Risk-free interest rate of 0.36%; Dividend yield of 0%; Expected life of 5 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended December 31, 2020, the Company recorded $136,903 in share-based payments. During the nine months ended September 30, 2021, the Company recorded $56,057 in share-based payments.

The changes in stock options were as follows:

	September 30, 2021	Weighted Average Exercise Price	December 31, 2020	Weighted Average Exercise Price
Balance, beginning of period	510,000	$0.93	-	$ -
Issued	487,500	0.38	510,000	0.93
Balance, end of period	997,500	$0.66	510,000	$0.93

As at September 30, 2021, the Company had 997,500 stock options outstanding as follows:

Number of Stock Options	Exercisable	Exercise Price	Expiry Date
510,000	510,000	$0.93	October 27, 2025
487,500	487,500	$0.38	March 16, 2025
997,500	997,500	-	

(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)

(f) Escrow Shares

Pursuant to the subscription agreements to which such shares were issued by the Company, the 1,000,000 common shares issued on October 4, 2019 will be held in escrow for two years from the date the Company's shares commence trading on the CSE. In addition, pursuant to an escrow agreement entered into between the Company and the holders of such shares, such shares are placed into escrow to be released as to 10% on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date. As at September 30, 2021, 600,000 (December 31, 2020 – 750,000) common shares are in escrow with the next release on November 4, 2021.

(g) Commitment

On December 9, 2020, the Company agreed to grant 600,000 Restricted Share units ("RSU") to Grant Hendrickson to purchase up to 600,000 common shares. These RSU vest at 200,000 on February 9, 2021, 200,000 on April 9, 2021 and 200,000 on June 9, 2021. During the nine months ended September 30, 2021, the Company issued 600,000 common shares and recognized $245,000 as share-based payment.

On March 17, 2021, the Company agreed to grant 487,500 RSU to directors and officers of the Company and to consultants. The granted RSU shall vest at 50% immediately, and 50% will vest in 6 months. During the nine months ended September 30, 2021, the Company recognized $185,250 as share-based payments and as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. During the nine months ended September 30, 2021, the Company issued 243,750 RSU and transferred $185,250 from contributed surplus.

7. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

		For the nine months ended September 30, 2021	2020
Consulting fees	Andrew H. von Kursell, CFO and Director	$ 20,000	$ 18,000
	Grant Hendrickson, CEO and Director	49,000	12,000
	Stefan Szary, Director	4,500	-
	Hugh Maddin, Director	6,000	1,500
	John Arthur Fidick, former Director	-	14,000
	Peter Espig, former Director	-	10,000
		79,500	55,500

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES – (cont'd)

		For the nine months ended September 30, 2021	2020
Share-based payments	Andrew H. von Kursell, CFO and Director	93,071	-
	Grant Hendrickson, CEO and Director	337,493	-
	Hugh Maddin, Director	30,825	-
	Stefan Szary, Director	30,787	-
		492,176	-
		$ 571,676	$ 55,500

On November 1, 2019, the Company entered into a consulting agreement with Andrew von Kursell for consulting services for a period of one year at a monthly rate of $2,000 per month which shall automatically be renewed on the same terms and conditions from month to month until terminated.

Included in prepaid expenses is $2,254 (December 31, 2020 - $20,189) paid to directors of the Company for advances on expenses and consulting fees. Included in accounts payable is $14,467 (December 31, 2020 – $2,443) owed to a director of the Company for field visits.

Included in due to related party is $12,500 (December 31, 2020 - $Nil) owing to a director of the Company for advances on working capital. The amount is non-interest bearing, unsecured and payable on demand.

On December 9, 2020, the Company agreed to grant 600,000 Restricted Share units ("RSU") to Grant Hendrickson to purchase up to 600,000 common shares. These RSU vest at 200,000 on February 9, 2021, 200,000 on April 9, 2021 and 200,000 on June 9, 2021. During the nine months ended September 30, 2021, the Company issued 600,000 common shares and recognized $245,000 as share-based payment.

On March 17, 2021, the Company agreed to grant 487,500 RSU to directors and officers of the Company and to consultants. The granted RSU shall vest at 50% immediately, and 50% will vest in 6 months. During the nine months ended September 30, 2021, the Company issued the 487,500 RSU and recorded $185,250 as share-based payments of which $156,250 are to the following related parties:

	Vested	Total share-based payments
Andrew H. von Kursell, CFO	$ 56,250	$ 56,250
Grant A. Hendrickson, President and CEO	50,000	50,000
Hugh Maddin, Director	25,000	25,000
Stefan Szary, Director	25,000	25,000
	$ 156,250	$ 156,250

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and cash equivalents and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the period.

9. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at September 30, 2021 the Company had a working capital deficiency of $109,644.

9. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Interest rate risk

The Company is not exposed to significant interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments include cash and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals. The fair value of these financial instruments approximates their carrying value under the effective interest method.

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).