



**TEMAS RESOURCES CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2021 and 2020

*(Expressed in Canadian dollars)*

*The accompanying unaudited interim condensed consolidated financial statements of Temas Resources Corp. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.*

**TEMAS RESOURCES CORP.**

Statements of Financial Position

As at September 30, 2021 and December 31, 2020

*(Unaudited and expressed in Canadian Dollars)*

	Note	September 30, 2021	December 31, 2020
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash		\$ 2,734,732	3,377,298
Accounts receivable		-	855
Taxes receivable		98,728	26,574
Loan receivable	4	-	30,033
Prepays	5	1,044,957	12,413
		<b>3,878,417</b>	<b>3,447,173</b>
<i>Non-Current Assets</i>			
Investments	7	726,260	-
Exploration and evaluation assets	6	6,418,175	6,160,000
Deferred financing charges	10	1,935,597	2,603,898
<b>Total Assets</b>		<b>12,958,449</b>	<b>12,211,071</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable & accrued liabilities		84,987	126,845
Loan payable		-	61,000
Flow-through premium liability		606,250	606,250
<b>Total Liabilities</b>		<b>691,237</b>	<b>794,095</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital <i>(net of issuance costs)</i>	9	11,989,154	9,578,344
Reserves	9	4,529,729	3,838,787
Deficit		(4,251,671)	(2,000,155)
		<b>12,267,212</b>	<b>11,416,976</b>
		<b>\$ 12,958,449</b>	<b>12,211,071</b>

Nature of Operations and Going Concern

1

Events after the reporting date

14

*On behalf of the Directors*"Michael Dehn", CEO & Director

Michael Dehn

"Kyler Hardy", Director

Kyler Hardy

**TEMAS RESOURCES CORP.**

Statements of Loss and Comprehensive Loss

For the period ended September 30, 2021 and 2020

*(Unaudited and expressed in Canadian Dollars)*

	Note	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
<b>General and Administrative Expenses</b>					
Consulting	11	108,310	67,500	330,741	142,700
Exploration expenditures	6	22,400	10,175	31,765	10,175
General and administrative	11	54,132	936	173,845	6,848
Insurance		4,000	3,500	11,011	7,489
Interest and bank charges		1,362	238	2,604	566
Investor Relations		392,689	40,537	917,453	46,678
Patents		3,203	-	12,807	-
Professional fees		13,798	13,890	91,898	89,557
Share-based payments	9	248,949	47,280	615,517	235,645
Transfer agent and filing fees		12,627	10,319	68,817	82,215
Travel		-	1,629	-	3,258
<b>Total expenses</b>		<b>861,468</b>	<b>196,004</b>	<b>2,256,457</b>	<b>625,131</b>
<b>Other items</b>					
Interest income		4,941	-	4,941	-
<b>Net and comprehensive loss for the period</b>		<b>\$ 856,528</b>	<b>\$ 196,004</b>	<b>\$ 2,251,516</b>	<b>\$ 625,131</b>
<b>Basic and diluted loss per share</b>		<b>0.01</b>	<b>0.01</b>	<b>0.03</b>	<b>0.02</b>
<b>Weighted average number of common shares outstanding</b>		<b>68,662,526</b>	<b>38,574,021</b>	<b>66,680,839</b>	<b>36,275,026</b>

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

**TEMAS RESOURCES CORP.**

Statements of Changes in Shareholders' Equity  
 For the period ended September 30, 2021 and 2020  
 (Unaudited and expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Subscription Receivable	Reserves Options & Warrants	Deficit	Total Shareholders' Equity
<b>Balance December 31, 2019</b>		<b>25,550,001</b>	<b>\$383,501</b>	<b>(\$100,000)</b>	<b>\$ -</b>	<b>(\$157,459)</b>	<b>\$126,042</b>
Common shares issued - Exploration and evaluation assets	9	30,000,000	4,500,000	-	-	-	4,500,000
Special warrants	9	763,520	76,352	-	-	-	76,352
Share issuance cost	9	-	(22,366)	-	-	-	(22,366)
Subscription receipts	9	-	-	100,000	-	-	100,000
Share-based payments	9	-	-	-	235,645	-	235,645
Options exercised	9	165,000	16,500	-	-	-	16,500
Warrants exercised	9	1,500,000	150,000	-	-	-	150,000
Reserves retirement	9	-	10,180	-	(10,180)	-	-
Net loss for the period		-	-	-	-	625,131	625,131
<b>Balance September 30, 2020</b>		<b>57,978,521</b>	<b>5,114,167</b>	<b>-</b>	<b>225,465</b>	<b>467,672</b>	<b>5,807,304</b>
<b>Balance December 31, 2020</b>		<b>63,463,521</b>	<b>9,578,344</b>	<b>-</b>	<b>3,838,787</b>	<b>(2,000,155)</b>	<b>11,416,976</b>
Common shares issued - Equity facility	9	1,170,000	1,067,400	-	-	-	1,067,400
Common shares issued - Services	9	1,552,607	1,408,461	-	-	-	1,408,461
Common shares issued - Exploration and evaluation assets	9	300,000	122,750	-	-	-	122,750
Warrants issued - Exploration and evaluation assets	9	-	-	-	75,425	-	75,425
Share issuance costs	9,10	-	(668,301)	-	-	-	(668,301)
Warrants exercised	9	3,330,500	405,500	-	-	-	405,500
Options exercised	9	750,000	75,000	-	-	-	75,000
Share-based payments	9	-	-	-	615,517	-	615,517
Net loss for the period		-	-	-	-	(2,251,516)	(2,251,516)
<b>Balance September 30, 2021</b>		<b>70,566,628</b>	<b>\$ 11,989,154</b>	<b>\$ -</b>	<b>\$4,529,729</b>	<b>(\$4,251,671)</b>	<b>\$12,267,212</b>

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

**TEMAS RESOURCES CORP.**

## Statements of Cash Flows

For the period ended September 30, 2021 and 2020

*(Unaudited and expressed in Canadian Dollars)*

	<b>For the nine months ended September 30, 2021</b>	For the nine months ended September 30, 2020
<b>Operating Activities</b>		
Net loss for the period	<b>(2,251,516)</b>	(625,131)
Non-cash items		
Share-based payments	<b>615,517</b>	235,645
Share-based payments - Investor Relations	<b>736,517</b>	-
Changes in non-cash working capital		
Accounts receivable	<b>855</b>	(1,750)
Taxes receivable	<b>(72,154)</b>	(17,232)
Prepays	<b>(360,600)</b>	(49,508)
Accounts payable and accrued liabilities	<b>(41,858)</b>	78,850
Cash flows used in operating activities	<b>(1,373,239)</b>	(379,126)
<b>Investing Activities</b>		
Loans receivable	<b>30,033</b>	-
Loan payable	<b>(61,000)</b>	-
Exploration and evaluation assets	<b>(60,000)</b>	(60,000)
Investment	<b>(726,260)</b>	-
Cash flows from investing activities	<b>(817,227)</b>	(60,000)
<b>Financing Activities</b>		
Issuance of new shares	<b>1,067,400</b>	-
Proceeds from subscription of special warrants (net of issuance costs)	-	53,986
Payment of subscription receivable	-	100,000
Options exercised	<b>75,000</b>	16,500
Warrants exercised	<b>405,500</b>	150,000
Net cash provided by financing activities	<b>1,547,900</b>	320,486
<b>Increase (decrease) in cash</b>	<b>(642,566)</b>	(118,640)
Cash, beginning of period	<b>3,377,298</b>	137,101
Cash, end of period	<b>2,734,732</b>	18,461

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

# Temas Resources Corp.

## Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2021 and 2020

*(Unaudited and expressed in Canadian dollars)*

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### 1. Nature and Continuance of Operations

Temas Resources Corp. (the “Company”) was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 25, 2018 under the name “Clean Earth Chemical Corp.” On August 12, 2019, the Company changed its name to Temas Resources Corp.

The Company’s head and registered office is located at 520 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2. The Company’s principal business activity is the acquisition and exploration of mineral properties.

The Company has an accumulated deficit of \$4,251,671 as at September 30, 2021. The Company currently has sufficient liquidity to meet its operational requirements for the next fiscal year. However, the Company’s continued operations are dependent upon its ability to obtain the necessary financing to complete the development of its DAB, La Blache and Lac Brule mineral properties and to bring them into future profitable production or realizing proceeds from their dispositions. The Company has not yet determined whether the DAB, La Blache and Lac Brule mineral properties contain reserves that are economically recoverable. All of the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern. These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim financial statements.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company’s operations could be significantly and adversely impacted by the effects of a widespread global outbreak of a contagious disease, such as the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

These condensed interim financial statements were authorized by the Board of Directors on November 26, 2021.

### 2. Basis of Presentation

#### Statement of Compliance

The condensed interim financial statements for the nine months ended September 30, 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the presentation of interim statements including IAS 34, Interim Financial Reporting.

#### Basis of Measurement

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified in accordance with measurement standards under IFRS. All dollar amounts presented are in Canadian dollars unless otherwise specified. These condensed interim financial statements have been prepared using IFRS principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

# Temas Resources Corp.

## Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2021 and 2020

*(Unaudited and expressed in Canadian dollars)*

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### 3. Significant Accounting Policies

The Company's significant accounting policies can be read in Note 3 to the Company's annual audited financial statements at and for the year ended December 31, 2020.

### 4. Loan's receivable

As at September 30, 2021, the Company's loans receivable is \$Nil (December 31, 2020 - \$30,033) to a company with a common director. The outstanding balance was received during the period and the amount advanced was non-interest bearing, unsecured and due on demand.

### 5. Prepaids

Included in prepaids as of September 30, 2021 is \$613,280 in prepaid investor relations and marketing services, \$342,130 in exploration and evaluation expenses, \$8,000 in prepaid insurance and \$81,547 in other prepaid expenses.

### 6. Exploration and Evaluation Assets

#### La Blache Property, Quebec, Canada

On June 18, 2020, the Company entered into a Purchase Agreement to purchase a 100% interest in the La Blache property in Core-Nord, Quebec from Cloudbreak Discovery Corp. and Cronin Services Ltd. (collectively known as "Vendors") for an aggregate of 20,000,000 common shares (issued) of the Company, \$60,000 (paid) in cash payments and the delivery of an NSR royalty of 2%. The Company has the right to repurchase one-half of the NSR royalty (1%) for \$2,500,000 at any time. The Vendors have common directors with the Company.

The 20,000,000 shares issued are subject to pooling restrictions as follows: 25% were released from the pool six months after the closing of the transaction (March 23, 2021) and the balance were released 12 months thereafter (September 23, 2021).

#### DAB Property, Quebec, Canada

On January 15, 2020, the Company entered into an option agreement with Contigo Resources Ltd. ("Contigo") to acquire a 100% interest in the 124 claims comprising the DAB property. Under the terms of the option agreement, the Company needs to undertake the following to exercise its option:

- make cash payments of \$25,000 on January 15, 2020 (paid) and \$50,000 (paid) on January 15, 2021; and
- issue 10,000,000 common shares of the Company to Contigo on January 15, 2020 (issued at a value of \$500,000).

Per the terms of the option agreement, Contigo retains a 2% net smelter royalty ("NSR") on the DAB property. The Company can purchase 50% of the NSR at any time for a cash payment of \$1,500,000.

#### Piskanja Borate Project, Serbia

On June 16, 2021, the Company entered into an option and joint venture agreement with Erin Ventures Inc. and Balkan Gold D.O.O. Temas has the right and option to earn up to a 50% undivided interest in the Piskanja Borate Project located in Serbia by incurring €10,500,000 in work expenditures on the project. As initial consideration for the option, the Company issued 250,000 common shares, valued at \$103,750, and 250,000 common share purchase warrants at a price of \$0.32 per share expiring August 4, 2025, valued at \$75,425.

# Temas Resources Corp.

## Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2021 and 2020

(Unaudited and expressed in Canadian dollars)

### 6. Exploration and Evaluation Assets (continued)

#### Lac Brule, Quebec, Canada

On August 19, 2021, the Company entered into a purchase agreement to acquire a 100% interest in certain mineral claims comprising the Lac Brule property. Under the terms of the agreement, the Company made a cash payment of \$10,000 and issued 50,000 common shares of the Company to the seller at a value of \$19,000. Per the terms of the option agreement, the seller retains a 2% net smelter royalty (“NSR”) on the Lac Brule property. The Company can purchase 50% of the NSR at any time for a cash payment of \$500,000.

The carrying value of the Company’s mineral properties is as follows:

	Lac Brule	La Blache	DAB	Piskanja	Total
	\$	\$	\$	\$	\$
December 31, 2020	-	5,660,000	500,000	-	6,160,000
Acquisition costs	29,000	-	50,000	179,175	258,175
<b>September 30, 2021</b>	<b>29,000</b>	<b>5,660,000</b>	<b>550,000</b>	<b>179,175</b>	<b>6,418,175</b>

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, title to its property is in good standing.

### 7. Investments

On March 3, 2021 the Company paid USD\$100,000 (\$126,260 CAD) to acquire an exclusive licensing agreement with MetaLeach Limited for use of its leaching processes. On March 26, 2021, the Company purchased a 50% interest in ORF Technologies Inc. for \$600,000. ORF Technologies Inc. holds a portfolio of patents related to mineral extraction. As at September 30, 2021, the Company has total investments of \$726,260.

### 8. Loan Payable

As at September 30, 2021, the Company has a \$Nil (2020 - \$61,000) loan payable. The amount was repaid during the period and was unsecured, due on demand and non-interest bearing.

### 9. Share Capital

#### Authorized

The Company’s authorized share capital consisted of unlimited number of common shares without par value.

#### Issued and outstanding common shares

##### *Fiscal 2021*

As at September 30, 2021, total issued and outstanding common shares: 70,566,628 (December 31, 2020 – 63,463,521).

On September 13, 2021 the Company issued 50,000 common shares in accordance with the purchase agreement for the Lac Brule property. The shares were issued at a price of \$0.38 per shares and had a value of \$19,000.

On August 6, 2021 the Company issued 308,823 common shares to a consultant of the company for



# Temas Resources Corp.

## Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2021 and 2020

*(Unaudited and expressed in Canadian dollars)*

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### 9. Share Capital (continued)

marketing services. The shares were issued at a price of \$0.39 per share and had a value of \$120,441.

On August 5, 2021 the Company issued 250,000 common shares and 250,000 warrants in accordance with the option agreement with Erin Ventures Inc. and Balkan Gold D.O.O. for the Piskanja Borate Project. The shares had a value of \$103,750 and the warrants have been valued at \$75,425 using the Black Scholes Valuation model.

On July 22, 2021, the Company issued 750,000 shares in connection with the exercise of options for gross proceeds of \$75,000.

On May 28, 2021, the Company issued 1,250,000 common shares for a gross proceeds of \$125,000 through the exercise of share purchase warrants.

On April 20, 2021, the Company issued 80,500 common shares for a gross proceeds of \$80,500 through the exercise of share purchase warrants

On March 25, 2021, the Company issued 870,000 common shares in relation to its second drawdown from the Equity Investment Facility at a price of \$0.98 for total gross proceeds of \$852,600.

On March 23, 2021, the Company issued 1,000,000 common shares for gross proceeds of \$100,000 through the exercise of share purchase warrants.

On March 8, 2021, the Company issued 1,223,541 common shares at a price of \$1.03 per share for a total value of \$1,262,600 as payment pursuant to a marketing agreement.

On January 28, 2021, the Company issued 1,000,000 common shares for gross proceeds of \$100,000 through the exercise of share purchase warrants.

On January 25, 2021, the Company issued 20,243 common shares at a price of \$1.26 per share for a total value of \$25,420 as payment pursuant to a marketing agreement.

On January 6, 2021, the Company issued 300,000 common shares in relation to its first drawdown from the Equity Investment Facility at \$0.72 per share for total gross proceeds of \$214,800.

#### *Fiscal 2020*

On December 23, 2020, the Company issued 1,000,000 flow-through common shares at a price of \$1.00 per share for gross proceeds of \$ 1,000,000. The Company paid cash share issuance costs of \$70,000 and issued 70,000 finder's warrants, exercisable at \$1.00 per common share, and expiring one year from the grant date. The finder's warrants have a fair value of \$19,460.

On December 9, 2020, the Company issued 2,625,000 flow through common shares at a price of \$1.00 per share for gross proceeds of \$2,625,000. The Company paid cash share issuance costs of \$183,700 and issued 183,750 finder's warrants, exercisable at \$1.00 per common share, and expiring one year from the grant date. The finder's warrants have a fair value of \$49,980.

On December 1, 2020, the Company issued 1,250,000 common shares for gross proceeds of \$125,000 through the exercise of share purchase warrants.

On November 27, 2020, the Company issued 610,000 common shares at a price of \$0.25 for a total value of \$150,000 as payment for a commitment fee to Crescita Capital LLC ("Crescita Capital") in connection with the \$5,000,000 Equity Investment Facility (Note 10).

On September 23, 2020, the Company issued 20,000,000 common shares (at a fair value of \$5,600,000) to Cloudbreak Discovery Corp and Cronin Services Ltd. in equal parts in relation to the acquisition of La Blache property in Quebec (Note 6).

# Temas Resources Corp.

## Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2021 and 2020

(Unaudited and expressed in Canadian dollars)

### 9. Share Capital (continued)

On September 14, 2020, the Company issued 500,000 common shares for gross proceeds of \$50,000 through the exercise of share purchase warrants.

On August 28, 2020, the Company issued 165,000 common shares for gross proceeds of \$16,500 through the exercise of options. \$10,180 of previously recognized share-based payments was reclassified from reserves to share capital on the exercise of the options.

On August 11, 2020, the Company issued 1,000,000 common shares for gross proceeds of \$100,000 through exercise of share purchase warrants.

On May 19, 2020, the Company issued 763,520 common shares in relation to the conversion of special warrants issued on February 25, 2020 and February 28, 2020.

On January 15, 2020, the Company issued 10,000,000 common shares (at a fair value of \$500,000) to Contigo in relation to the Option Agreement to acquire a 100% interest in the DAB property (Note 6). These shares are subject to a 12-month escrow commencing May 19, 2020.

#### Stock Options

As at September 30, 2021, the Company has 5,850,000 stock options outstanding (December 31, 2020: 5,615,000) with 5,024,583 stock options exercisable.

A summary of the status of the stock options as of September 30, 2021 and 2020 and changes during the periods then ended is presented below:

	September 30, 2021		December 31, 2020	
	Options	Weighted-average exercise price \$	Options	Weighted-average exercise price \$
Outstanding, beginning of the year	5,615,000	0.35	-	-
Granted	985,000	0.89	5,780,000	0.34
Exercised	(750,000)	-	(165,000)	0.10
Outstanding, end of the period	5,850,000	0.47	5,615,000	0.35
Exercisable, end of the period	5,024,583	0.42	4,352,500	0.28

Stock options outstanding as at September 30, 2021 were as follows:

Number of Options	Weighted Average Exercise Price	Remaining Life (In Years)	Expiry Date
1,985,000	0.10	1.48	March 26, 2023
630,000	0.11	0.21	December 15, 2021
2,250,000	0.72	2.09	November 3, 2023
635,000	1.10	2.44	March 9, 2024
350,000	0.52	2.71	June 15, 2024
<b>5,850,000</b>	<b>0.47</b>		

On July 22, 2021, the Company issued 750,000 shares in connection with the exercise of options for gross proceeds of \$75,000.

On June 15, 2021, the Company issued 350,000 stock options to a consultant of the Company. Each option is exercisable at \$0.52 per common share with a three-year term. The options were vested immediately. Share-based payments of \$112,210 have been recorded during the period ended September 30, 2021 in connection

# Temas Resources Corp.

## Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2021 and 2020

(Unaudited and expressed in Canadian dollars)

### 9. Share Capital (Continued)

with the issuance of these options. The options were fair valued using Black-Scholes Option Pricing Model using the following assumptions: average risk-free rate – 0.50%; expected life – 3 years; expected volatility – 100.00%; forfeiture rate - Nil and expected dividends – Nil.

On March 9, 2021, the Company issued 635,000 stock options to consultants of the Company. Each option is exercisable at \$1.10 per common share and has a three-year term. The options vest 25% each quarter over the next 12 months. Share-based payments of \$110,681 have been recorded during the period ended September 30, 2021 in connection with the issuance of these options. The options were fair valued using the Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.28%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

On November 3, 2020, the Company issued 2,250,000 stock options to directors, officers, employees and consultants of the Company. Each option is exercisable at \$0.71 per common share and has a three-year term. Of these options, 1,250,000 vested immediately, and the remaining 1,000,000 vest 33.33% on the grant date, and 33.33% on each of the 12 and 24-month anniversaries of the grant date. Share-based payments of \$48,169 have been recorded in connection with the issuance of these options for the period ended September 30, 2021. The options were fair valued using the Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.30%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

On June 3, 2020, the company entered into an agreement with CorpComm Limited (“Corpcomm”) to provide investor relations services to the Company for a period of 12 months commencing June 15, 2020. Compensation for the agreement consists of a \$10,000 per month plus the Company issuing stock options to acquire 630,000 common shares of the Company at a price of \$0.105 per share and expiring on December 15, 2021. The stock options vest in 12 equal tranches starting on the grant date, and then every month thereafter for 11 months. As at September 30, 2021, all of the 630,000 options have been vested in relation to the Corpcomm agreement and share based payments of \$38,583 have been recorded in connection with the issuance of these options for the nine-month period.

#### Share Purchase Warrants

Share purchase warrants outstanding as at September 30, 2021 were as follows:

<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Remaining Life (In Years)</b>	<b>Expiry Date</b>
3,250,000	0.10	0.24	August 30, 2022
4,275,000	0.10	0.40	November 30, 2022
4,638,281	0.25	0.80	November 27, 2023
138,250	1.00	0.002	December 9, 2021
35,000	1.00	0.001	December 23, 2021
250,000	0.32	0.076	August 4, 2025
<b>12,586,531</b>	<b>0.17</b>	<b>1.43</b>	

### 10. Equity Investment Facility

On November 18, 2020, the Company entered into a \$5,000,000 equity investment facility with Crescita Capital. The Company can draw down funds from the \$5,000,000 equity investment facility from time to time during the three-year term at the Company’s discretion by providing a drawdown notice to Crescita Capital, and in return for each drawdown notice funded by Crescita Capital, the Company will allot and issue fully paid common shares to Crescita Capital. To date the Company has drawn \$1,067,400 on the facility and as at September 30, 2021, the remaining undrawn balance is \$3,932,600.

The shares issued in connection with any drawdown notice will be priced at the higher of (i) the floor price set by the Company and (ii) 90% of the average closing bid price resulting from the following ten days of trading after the drawdown notice (“Pricing Period”). The drawdown notice amount requested by the Company cannot exceed 700% of the average daily trading volume of the Pricing Period.

# Temas Resources Corp.

## Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2021 and 2020

*(Unaudited and expressed in Canadian dollars)*

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### 10. Equity Investment Facility (continued)

In connection with equity investment facility, the Company paid a commitment fee. This fee consisted of a 3% commission to be paid in common shares, at a price of \$0.25 per share (610,000 shares valued at \$150,000) and warrants equal to 8% of the outstanding common shares of the Company (4,638,281 warrants valued at \$2,560,331). The warrants have an exercise price of \$0.25 per common share and expire three years from the grant date. The warrants were fair valued using the Black-Scholes Option Pricing Model using the following assumptions average risk-free interest rate - 0.29%; expected life - 3 years; expected volatility - 100.00%; forfeiture rate - Nil and expected dividends - Nil.

The value of the commitment fee was recorded as a deferred financing charge and is being amortized as share issue costs over the term of the equity investment facility, with amortization charges amounting to \$668,301 for the nine months ended September 30, 2021 (2020 - \$Nil). As at September 30, 2021, the carrying amount of the deferred financing charges is \$1,935,597.

### 11. Related Party Transactions

Key management personnel at the Company are the directors and officers of the Company.

During the period ended September 30, 2021, the Company incurred:

- consulting fees of \$160,000 (2020 - \$170,000) to a company owned by a director of the Company.
- General and administrative expenses of \$7,500 (2020 - \$Nil) to a company with common director.
- payroll-related expenses of \$148,500 (2020 - \$Nil) to an officer of the Company
- share-based payments of \$146,113 (2020 - \$192,963) to officers, directors and companies with common officers and directors

As of September 30, 2021, loans receivable includes:

- \$Nil (2020 - \$30,033) is due from a company owned by a director of the Company.

As at September 30, 2021, loans payable includes:

- \$Nil (2020 - \$61,000) due to a company with a former common director.
- \$209 (2020 - \$Nil) to a company owned by a director of the Company.

All loans are non-interest bearing and due on demand.

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 12. Liability and Income Tax Effect on Flow-through Shares

Funds raised through the issuance of flow-through common shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

In December 2020, the Company issued 3,625,000 flow-through common shares at \$1.00 per share for gross proceeds of \$3,625,000 and recognized a liability for flow-through shares of \$606,250 (2020 - \$606,250).

### 13. Financial and Capital Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

# Temas Resources Corp.

## Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2021 and 2020

*(Unaudited and expressed in Canadian dollars)*

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### 13. Financial and Capital Risk Management (continued)

Level 3 - inputs that are not based on observable market data.

The Company enters into financial instruments to finance its operations in the normal course of business.

The Company has no financial instruments carried at fair value. The Company's cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and loan payable are recorded at subsequently measured at amortized cost.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

#### Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

#### Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

#### Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise the required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

#### Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

### 14. Subsequent Events

There are no events to disclose subsequent to period end