



TEMAS RESOURCES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the Three and Nine Months Ended September 30, 2022 and 2021

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.
Condensed Interim Statements of Financial Position

Expressed in Canadian Dollars

		September 30, 2022	December 31, 2021
	<i>Note</i>	<i>Unaudited</i>	<i>Audited</i>
ASSETS			
<i>Current Assets</i>			
Cash		\$ 1,115,985	\$ 2,010,936
Taxes receivable		85,860	137,562
Prepaid expenses and deposits	5	75,000	309,815
		1,276,846	2,458,313
<i>Non-Current Assets</i>			
Loans receivable	4	115,418	93,605
Investments	7	574,127	589,160
Intangible Asset	8	26,303	73,652
Exploration and evaluation assets	6	6,713,534	6,585,896
Deferred financing charges	10	1,044,530	1,712,830
Total Assets		9,750,757	11,513,456
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable & accrued liabilities		486,904	215,933
Flow-through premium liability	12	282,643	459,748
Total Liabilities		769,547	675,681
SHAREHOLDERS' EQUITY			
Share capital (<i>net of issuance costs</i>)	9	11,526,992	11,819,327
Reserves	9	4,994,598	4,596,535
Deficit		(7,540,380)	(5,578,087)
		8,981,209	10,837,775
		\$ 9,750,757	\$ 11,513,456

Nature of Operations and Going Concern 1

On behalf of the Directors

 "Michael Dehn", CEO & Director
 Michael Dehn

 "Kyler Hardy", Director
 Kyler Hardy

TEMAS RESOURCES CORP.

Condensed Interim Statements of Loss and Comprehensive Loss Three and nine months ended September 30, 2022 and 2021

(Unaudited and expressed in Canadian Dollars)

	Note	For the Three months Ended September 30, 2022	For the Three months Ended September 30, 2021	For the Nine months Ended September 30, 2022	For the Nine months Ended September 30, 2021
General and Administrative Expenses					
Amortization expense		\$ 15,783	\$ -	\$ 47,349	\$ -
Consulting	11	90,200	108,310	275,960	330,741
Equity loss in investee		3,224		15,034	-
Exploration expenditures		641,073	22,400	1,101,505	31,765
General and administrative	11	22,120	54,132	166,597	173,845
Insurance		3,750	4,000	11,500	11,011
Interest and bank charges		277	1,362	915	2,604
Interest income		(4,913)	-	(7,035)	(4,941)
Investor Relations		-	392,689	298,981	917,453
Patents		-	3,203	3,018	12,807
Professional Fees		-	13,798	22,764	91,898
Recovery of flow-through premium liability		(87,105)		(177,105)	-
Share-based payments	9,11	-	248,949	108,278	615,517
Transfer agent and filing fees		66,727	12,627	91,574	68,817
Travel		-	-	2,959	-
Total expenses		<u>751,136</u>	<u>861,468</u>	<u>1,962,293</u>	<u>2,251,516</u>
Net and comprehensive loss for the period		<u>\$ (751,136)</u>	<u>\$ (861,468)</u>	<u>\$ (1,962,293)</u>	<u>\$ (2,251,516)</u>
Basic and diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding		<u>75,390,398</u>	<u>68,662,526</u>	<u>71,644,467</u>	<u>66,680,839</u>

TEMAS RESOURCES CORP.

Condensed Interim Statements of Changes in Shareholders' Equity Nine months ended September 30, 2022 and 2021

(Unaudited and expressed in Canadian Dollars)

	<u>Share Capital</u>					
	<i>Note</i>	Number of Common Shares	Amount	Reserves Options & Warrants	Deficit	Total Shareholders' Equity
Balance December 31, 2020		63,463,521	\$9,578,344	3,838,787	(\$2,000,155)	\$11,416,976
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)
Balance September 30, 2021		70,566,628	\$11,989,154	\$4,529,729	(\$4,251,671)	\$12,267,212
Balance December 31, 2021		70,566,628	\$11,819,327	\$4,596,535	(\$5,578,087)	\$10,837,775
New common shares - Equity facility	9	1,500,000	86,250	-	-	86,250
New common shares - Flow-through	9	7,625,000	370,815	239,185	-	610,000
Share issuance costs	9,10	-	(749,401)	50,600	-	(698,801)
Share-based payments	9	-	-	108,278	-	108,278
Net loss for the year		-	-	-	(1,962,293)	(1,962,293)
Balance September 30, 2022		79,691,628	\$11,526,991	\$4,994,598	(\$7,540,380)	\$8,981,209

TEMAS RESOURCES CORP.

Condensed Interim Statements of Cash Flows

Nine months ended September 30, 2022 and 2021

	For the Nine Months ended September 30, 2022	For the Nine Months ended September 30, 2021
Operating Activities		
Net loss for the period	\$ (1,962,293)	\$ (2,251,516)
Non-cash items		
Share-based payment - Investor Relations	238,565	736,517
Share-based payments	108,278	615,517
Amortization	47,349	-
Equity loss in associate	15,033	-
Changes in non-cash working capital		
Accounts payable and accrued liabilities	270,971	(41,858)
Accounts receivable	-	855
Flow-through premium liability	(177,105)	-
Prepays	(3,750)	(360,600)
Taxes receivable	51,702	(72,154)
Cash flows used in operating activities	\$ (1,411,250)	\$ (1,373,239)
Investing Activities		
Loans receivable	(21,813)	30,033
Exploration and evaluation assets	(127,638)	(60,000)
Loan payable	-	(61,000)
Investment	-	(726,260)
Cash flows from investing activities	\$ (149,451)	\$ (817,227)
Financing Activities		
Issuance of new shares	696,250	1,067,400
Share issuance costs	(30,500)	-
Options exercised	-	75,000
Warrants exercised	-	405,500
Net cash provided by financing activities	\$ 665,750	\$ 1,547,900
Increase (decrease) in cash	(894,951)	(642,566)
Cash, beginning of period	2,010,936	3,377,298
Cash, end of period	\$ 1,115,985	\$ 2,734,732

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

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 September 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 office 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, development and exploration of mineral properties.

The Company has an accumulated deficit of \$7,540,380 as at September 30, 2022. 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 mineral properties and to bring them into future profitable production or realize proceeds from their dispositions. The Company has not yet determined whether its 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 21, 2022.

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

2. Basis of Presentation

Statement of Compliance

The condensed interim financial statements for the nine months ended September 30, 2022, 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.

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, 2021.

4. Loan’s receivable

As at September 30, 2022, the Company had advanced \$115,418 (December 31, 2021 - \$93,605) to its associated company ORF Technologies Inc. The amount advanced is non-interest bearing, unsecured and has no set terms of repayment.

5. Prepaid expenses and deposits

Included in prepaid expenses and deposits as of September 30, 2022, are \$7,500 in prepaid insurance and \$67,500 in other prepaid expenses.

6. Exploration and Evaluation Assets

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
Claims renewal fees	-	167,721	-	-	167,721
December 31, 2021	\$ 29,000	\$ 5,827,721	\$ 550,000	\$ 179,175	\$ 6,585,896
Technical services	-	-	-	127,638	127,638
September 30, 2022	\$ 29,000	\$ 5,827,721	\$ 550,000	\$ 306,813	\$ 6,713,534

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 the title to its exploration and evaluation assets and, to the best of its knowledge, the title is in good standing.

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (continued)

La Blache Property, Quebec, Canada

On September 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.

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).

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 September 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 with an exercise price of \$0.32 per share expiring August 4, 2025, valued at \$75,425. As at September 30, 2022, the Company has contributed \$127,638 in work expenditures.

Lac Brule, Quebec, Canada

To augment the Company’s claims acquired through staking, on August 19, 2021, the Company entered into a purchase agreement to acquire a 100% interest in an additional mineral claim 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 1% net smelter royalty (“NSR”) on the additional mineral claim. The Company can purchase 50% of the NSR at any time for a cash payment of \$500,000.

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

7. Investment

On March 26, 2021, the Company purchased a 50% interest in ORF Technologies Inc. ("ORF") for \$600,000. ORF is an early-stage Canadian Company with a focus on mineral extraction technologies. The Company measures its investment in ORF using the equity method. For the nine months ended September 30, 2022, the Company recorded an equity loss of \$15,033 relating to its investment in ORF.

Investment at March 26, 2021	\$	600,000
Equity loss for the period	\$	10,840
Investment at December 31, 2021	\$	589,160
Equity loss for the period	\$	15,033
Investment at September 30, 2022	\$	574,127

The summarized financial information of ORF is as follows:

	Nine months ended September 30, 2022		Period from March 26, 2021 to December 31, 2021	
Cash	\$	2,338	\$	7,577
Current assets	\$	70,000	\$	77,578
Current liabilities	\$	121,451	\$	96,624
Revenue	\$	-	\$	-
Net loss and comprehensive loss	\$	23,619	\$	21,680

8. Intangible asset

On March 3, 2021, the Company paid \$126,260 (USD \$100,000) to acquire an exclusive licensing agreement ("Agreement") with MetaLeach Limited (www.metaleach.com) for use of its leaching processes. The Agreement gives the Company exclusive North American and European rights to license MetaLeach's innovative leaching processes.

Cost	Licensing Agreement
At December 31, 2020	-
At December 31, 2021	126,260
At September 30, 2022	126,260
Accumulated amortization and impairment	
Amortization expense	52,608
Impairment provision	-
At December 31, 2021	52,608
Amortization expense	47,349
Impairment provision	-
As at September 30, 2022	99,957
Net book value	
At December 31, 2021	73,652
As at September 30, 2022	26,303

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

9. Share Capital

Authorized

The Company's authorized share capital consisted of an unlimited number of common shares without par value. As at September 30, 2022 the Company had 79,691,627 (70,566,628 - December 31, 2021,) common shares outstanding.

Issued and outstanding common shares

On August 31, 2022, the Company issued 7,625,000 flow-through units at a price of \$0.08 per unit for gross proceeds of \$610,000. Each unit is comprised of one flow-through share and one half-share purchase warrant, each whole warrant is exercisable at \$0.10 per common share, and expires three years from the date of issuance. The Company paid cash share issuance costs of \$30,500 and issued 686,250 finder's warrants, exercisable at \$0.10 per common share, and expire three years from the grant date. The finder's warrants have a fair value of \$50,600.

On August 22, 2022, the Company issued 1,000,000 common shares for gross proceeds of \$57,000 in connection with the Equity Investment Facility.

On August 8, 2022, the Company issued 500,000 common shares for gross proceeds of \$29,250 in connection with the Equity Investment Facility.

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

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 and the following variables: average risk-free rate – 0.71%; expected life – 4 years; expected volatility – 100.00%; forfeiture rate - Nil and expected dividends – Nil.

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 gross proceeds of \$125,000 through the exercise of share purchase warrants.

On April 20, 2021, the Company issued 80,500 common shares for 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.

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

9. Share Capital (Continued)

Issued and outstanding common shares (continued)

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.

For the year ended December 31, 2021, \$46,275 (2020 - \$10,181) value of options and \$22,106 (2020 - \$nil) value of warrants exercised originally recorded to reserves at issuance was reclassified to share capital upon exercise.

Stock Options

As at September 30, 2022, the Company has 5,020,000 stock options outstanding (December 31, 2021: 4,970,000). A summary of the status of the stock options as of September 30, 2022, and changes during the periods then ended is presented below:

	Number	Weighted Average Exercise Price
Balance at December 31, 2020	5,615,000	\$0.34
Granted	1,585,000	\$0.89
Exercised	(750,000)	\$0.10
Expired/Cancelled	(1,480,000)	\$0.78
Balance at December 31, 2021	4,970,000	\$0.50
Granted	800,000	\$0.14
Expired/Cancelled	(650,000)	0.42
Balance at September 30, 2022	5,120,000	\$0.46
Exercisable at September 30, 2022	4,786,667	\$0.44

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

Stock Options (continued)

The weighted average exercise price and expiry of the stock options outstanding as at September 30, 2022:

Number of Options	Weighted Average Exercise Price	Remaining Life (In Years)	Expiry Date
1,785,000	0.10	0.48	March 26, 2023
1,900,000	0.71	1.09	November 3, 2023
635,000	1.10	1.44	March 9, 2024
650,000	0.14	4.41	February 27, 2027
150,000	0.12	2.45	March 14, 2025
5,120,000	0.46	1.39	

On March 14, 2022, the Company granted 150,000 stock options to an officer of the Company exercisable at \$0.12 per option for a period of three years. The options vest immediately. The options were fair valued using Black-Scholes Option Pricing Model using the following assumptions: average risk-free rate – 1.94%; expected life – 3 years; expected volatility – 99.77%; forfeiture rate - Nil and expected dividends – Nil.

On February 2, 2022, the Company granted 650,000 stock options to various directors, officers, and consultants of the Company at an exercise price of \$0.14 per option. The options will expire in five years and vest immediately on the grant date. The options were fair valued using Black-Scholes Option Pricing Model using the following assumptions: average risk-free rate – 1.61%; expected life – 5 years; expected volatility – 100.00%; forfeiture rate - Nil and expected dividends – Nil.

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

On September 15, 2021, the Company granted 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. 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 granted 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. 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.

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

9. Share Capital (Continued)

Share Purchase Warrants

Share purchase warrants outstanding as at September 30, 2022:

Number of Warrants	Weighted Average	Remaining Life	Expiry Date
	Exercise Price	(In Years)	
4,275,000	0.10	0.17	November 30, 2022
4,638,281	0.25	1.16	November 27, 2023
250,000	0.32	0.84	August 4, 2023
4,498,750	0.10	2.92	August 31, 2025
13,662,031	0.12	2.17	

On August 31, 2022, the Company issued 3,812,500 warrants as part of the flow-through units, each warrant is exercisable at \$0.10 per common share and expires three years from the date of issuance. These warrants have a fair value of \$239,185. The Company also issued 686,250 finder's warrants, exercisable at \$0.10 per common share, and expire three years from the grant date.

The warrants were fair valued using Black-Scholes Option Pricing Model using the following assumptions: average risk-free rate – 3.59%; expected life – 3 years; expected volatility – 114.42%; forfeiture rate - Nil and expected dividends – Nil

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 \$1,153,650 on the facility and as at September 30, 2022, the remaining undrawn balance is \$3,846,350.

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, 2022 and 2021

(Expressed in Canadian dollars)

10. Equity Investment Facility (continued)

In connection with the 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 \$445,534 for the nine months ended September 30, 2022 (2021 - \$445,534). As at September 30, 2022, the carrying amount of the deferred financing charges is \$1,044,529 (December 31, 2021 - \$1,712,830).

11. Related Party Transactions

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

During the period ended September 30, 2022, the Company incurred:

- consulting fees of \$234,000 (2021 - \$160,000) to a company owned by a director of the Company.
- payroll-related expenses of \$135,000 (2021 - \$148,500) to an officer of the Company
- management fees of \$150,960 (2021 - \$76,030) to a director and a former officer of the Company
- share-based payments of \$108,278 (2021 - \$146,113) to officers, directors and companies with common officers and directors.

As of September 30, 2022, included in accounts payable, accrued liabilities and loans includes:

- \$115,418 (December 31, 2021 – \$93,605) is due from ORF Technologies
- \$136,500 (December 31, 2021 – \$Nil) due to a Company with common directors
- \$90,000 (December 31, 2021 – \$Nil) due to an officer of the Company
- \$65,056 (December 31, 2021 – \$93,605) due to a director of 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.

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

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 August 2022, the Company issued 7,625,000 flow-through units at \$0.08 per unit for gross proceeds of \$610,000. The Company did not recognize a liability for these flow-through units.

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 an initial liability for flow-through shares of \$606,250. During the nine months ended September 30, 2022, the Company has spent \$460,432 of the flow-through funds and has recognized a flow-through recovery of \$177,105.

As at September 30, 2022, the liability balance for flow-through shares is \$282,643 (December 31, 2021 - \$459,748).

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; and

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 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.

Temas Resources Corp.

Notes to the Condensed Interim Financial Statements

Nine Months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

13. Financial and Capital Risk Management (continued)

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 institutions, 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

On October 12, 2022, the Company issued 700,000 common shares for gross proceeds of \$44,100 in connection with the Equity Investment Facility.

On November 1, 2022, the Company issued 200,000 common shares for gross proceeds of \$12,240 in connection with the Equity Investment Facility.