

**ARCHER EXPLORATION CORP.**

**Condensed Interim Consolidated Financial Statements**

For the three and nine months ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

**Archer Exploration Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
As at June 30, 2022 and September 30, 2021  
(Unaudited - Expressed in Canadian dollars)

	Note	June 30, 2022	September 30, 2021
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash		628,286	731,346
GST/HST receivable		73,559	5,597
Prepaid expenses	4	317,706	761,334
		<b>1,019,551</b>	1,498,277
Exploration and evaluation assets	5	-	37,500
<b>Total assets</b>		<b>1,019,551</b>	1,535,777
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	115,125	224,611
<b>Total liabilities</b>		<b>115,125</b>	224,611
<b>Shareholders' equity</b>			
Share capital	6	3,186,142	1,174,961
Warrants reserve	6	699,457	429,952
Share-based payments reserve	6	347,129	21,956
Shares to be issued	6	-	427,500
Deficit		<b>(3,328,302)</b>	<b>(743,203)</b>
<b>Total shareholders' equity</b>		<b>904,426</b>	1,311,166
<b>Total liabilities and shareholders' equity</b>		<b>1,019,551</b>	1,535,777

Nature of operations and going concern (Note 1)  
Subsequent event (Note 9)

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 29, 2022.

"Jeff Wilson"  
Director

"Michael Konnert"  
Director

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

**Archer Exploration Corp.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
For the three and nine months ended June 30, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended		Nine months ended	
	Note	2022	June 30, 2021	2022	June 30, 2021
		\$	\$	\$	\$
<b>Operating expenses</b>					
Exploration and evaluation		14,750	40,701	168,494	40,701
Filing and legal fees		43,426	-	442,362	-
General and administrative		38,050	959	117,687	1,097
Management fees	7	19,875	32,600	144,672	46,113
Marketing		12,543	-	23,517	-
Professional fees		155,958	22,613	410,806	58,980
Rent		12,000	-	36,000	-
Share-based payments	7	69,045	12,749	325,360	15,050
<b>Total operating expenses</b>		<b>365,647</b>	<b>109,622</b>	<b>1,668,898</b>	<b>161,941</b>
<b>Other expenses (income)</b>					
Foreign exchange (gain) loss		(3,416)	-	7,377	-
Impairment of option agreement rights	3, 5	147,490	-	147,490	164,413
Write-off of deposit	4	761,334	-	761,334	-
Interest income		-	-	-	(15)
<b>Total other expenses</b>		<b>905,408</b>	<b>-</b>	<b>916,201</b>	<b>164,398</b>
<b>Loss and comprehensive loss for the period</b>		<b>(1,271,055)</b>	<b>(109,622)</b>	<b>(2,585,099)</b>	<b>(326,339)</b>
<b>Loss per share</b>					
Basic and diluted		(0.04)	(0.01)	(0.09)	(0.02)
<b>Weighted average number of shares</b>					
Basic and diluted		32,969,292	13,788,250	28,447,607	13,094,261

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**Archer Exploration Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
For the nine months ended June 30, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars)

	Note	2022	2021
		\$	\$
<b>Operating activities</b>			
Net loss for the period		(2,585,099)	(326,339)
Items not affecting cash:			
Share-based payments	6,7	325,360	15,050
Impairment of option agreement rights	5	147,490	164,413
Write-off of deposit	4	761,334	-
Changes in non-cash working capital:			
GST/HST receivable		(67,962)	-
Prepaid expenses		(317,706)	(29,709)
Trade and other payables		(109,486)	80,061
<b>Net cash used in operating activities</b>		<b>(1,846,069)</b>	<b>(96,524)</b>
<b>Investing activities</b>			
Exploration and evaluation costs	4	(109,990)	(66,832)
<b>Net cash used in investing activities</b>		<b>(109,990)</b>	<b>(66,832)</b>
<b>Financing activities</b>			
Proceeds from the issuance of units	6	1,072,499	-
Proceeds from options exercise	6	500	-
Proceeds from warrants exercise	6	780,000	-
Proceeds from the issuance of special warrants		-	120,000
<b>Net cash provided by financing activities</b>		<b>1,852,999</b>	<b>120,000</b>
Net change in cash		(103,060)	(43,356)
Cash, beginning of the period		731,346	217,486
<b>Cash, end of the period</b>		<b>628,286</b>	<b>174,130</b>
<b>Supplemental disclosure of non-cash transactions:</b>			
Issuance of common shares for amalgamation		-	164,413

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**Archer Exploration Corp.**  
**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity**  
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Number of shares #	Share capital \$	Warrants reserve \$	Share-based payments reserve \$	Shares to be issued \$	Deficit \$	Total shareholders' equity \$
Balance, September 30, 2020		9,300,000	217,500	-	-	-	(8,406)	209,094
Issuance of common shares for amalgamation	3	3,288,250	164,413	-	-	-	-	164,413
Issuance of special warrants for cash	6	-	-	120,000	-	-	-	120,000
Issuance of common shares upon special warrant conversion	6	1,200,000	79,028	(79,028)	-	-	-	-
Share-based payments	6, 7	-	-	-	15,050	-	-	15,050
Net loss for the period		-	-	-	-	-	(326,339)	(326,339)
Balance, June 30, 2021		13,788,250	460,941	40,972	15,050	-	(334,745)	182,218
Issuance of units for cash	6	5,740,000	867,928	280,072	-	-	-	1,148,000
Shares issuance costs	6	-	(153,908)	108,908	-	-	-	(45,000)
Share subscriptions received	6	-	-	-	-	427,500	-	427,500
Share-based payments	6, 7	-	-	-	6,906	-	-	6,906
Net loss for the period		-	-	-	-	-	(408,458)	(408,458)
Balance, September 30, 2021		19,528,250	1,174,961	429,952	21,956	427,500	(743,203)	1,311,166
Issuance of units for cash	6	5,999,998	1,230,494	269,505	-	(427,500)	-	1,072,499
Shares issued on exercise of options	6	5,000	687	-	(187)	-	-	500
Shares issued on exercise of warrants	6	7,800,000	780,000	-	-	-	-	780,000
Share-based payments	6,7	-	-	-	325,360	-	-	325,360
Net loss for the period		-	-	-	-	-	(2,585,099)	(2,585,099)
<b>Balance, June 30, 2022</b>		<b>33,333,248</b>	<b>3,186,142</b>	<b>699,457</b>	<b>347,129</b>	<b>-</b>	<b>(3,328,302)</b>	<b>904,426</b>

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Archer Exploration Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on October 26, 2018. The Company is focusing on the exploration of mineral claims located in Quebec, Canada. The Company's registered and records office is located at 353 Water Street, Suite 401, Vancouver, British Columbia, V6B 1B8, Canada. On February 11, 2021, the shares of the Company began trading on the Canadian Stock Exchange (the "Exchange") under the symbol "RCHR".

These unaudited condensed interim consolidated financial statements for the three and nine months ended June 30, 2022 and 2021 (the "interim financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. There are material uncertainties that may cast significant doubt about the appropriate use of the going concern assumption as the Company is in the development stage and has not generated any revenues. As at June 30, 2022, the Company has a deficit of \$3,328,302 (September 30, 2021 - \$743,203) and for the nine months ended June 30, 2022, incurred a net loss of \$2,585,099 (June 30, 2021 - \$326,339). The Company's continuing operations as intended are dependent upon the ability to obtain the necessary financing to explore and commercialize its mineral claims and administer overhead expenses. Should the Company fail to commercialize its mineral claims, its ability to raise sufficient financing to maintain operations may be impaired and, accordingly, the Company may be unable to realize the carrying value of its net assets. These interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As of the date of these interim financial statements, COVID-19 has had no impact on the Company's ability to access and explore its current properties but may impact the Company's ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope.

## 2. BASIS OF PRESENTATION

The following is a summary of significant accounting policies used in the preparation of these interim financial statements.

### Statement of compliance

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These interim financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the years ended September 30, 2021 and 2020 (the "annual financial statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

### Basis of measurement

These interim financial statements have been prepared on a historical cost basis. In addition, these interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### Functional and presentation currency

These interim financial statements have been prepared in Canadian dollars ("Canadian dollar" or "CAD"), which is the Company's functional and presentation currency, except as otherwise noted. The functional currency is the currency of the primary economic environment in which an entity operates. References to "USD" are to United States dollars.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

**Archer Exploration Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
For the three and nine months ended June 30, 2022 and 2021  
(Unaudited - Expressed in Canadian dollars, except where noted)

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**Basis of consolidation**

These interim financial statements include the accounts of the Company and its subsidiary. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

These interim financial statements incorporate the accounts of the Company and the following subsidiary:

	<b>Country of incorporation</b>	<b>Holding</b>	<b>Functional currency</b>	<b>Principal activity</b>
1273600 B.C. Ltd.	Canada	100%	Canadian dollar	Holding company

**Significant estimates and assumptions**

The accounting policies and methods of computation followed in preparing these interim financial statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company's annual financial statements.

**Reclassification of prior amounts**

The Company has reclassified certain items on the condensed interim consolidated statements of loss and comprehensive loss and the condensed interim consolidated statements of cash flows to conform with the current year's presentation.

**3. AMALGAMATION**

On October 13, 2020, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") between the Company, Altair Capital Corp. ("Altair") and 1269569 B.C. Ltd., a wholly owned subsidiary of the Company, whereby the entities will continue operations as one company as the Company. As consideration, the Company issued 248 common shares for each Class A common share of Altair, and one common share for each Class B common share of Altair, to the shareholders of Altair. The Company issued in total 3,288,250 common shares at a fair value of \$0.05 per share, which was the share price of the most recent private placement prior to the Amalgamation Agreement for gross proceeds of \$164,413.

Included in the Amalgamation Agreement was the acquisition of a right held by Altair to an option agreement for mining properties. The valuation of the right to option was calculated based on the issuance of 3,288,250 common shares at a fair value of \$0.05 per share for aggregate consideration of \$164,413 and was recorded as an intangible asset. On January 4, 2021, the Company decided not to pursue the Altair property outlined in the agreement. Accordingly, the right to option agreement asset that was acquired through the Altair transaction was analyzed by management and was fully written off during the year ended September 30, 2021.

**4. PREPAID EXPENSES**

**Montclair Mining Ltd. And Nicellco Metals Limited**

On October 15, 2021, the Company signed a non-binding letter of intent with Montclair Mining Ltd. ("MML") and Nicellco Metals Limited ("NML"), pursuant to which the Company will acquire all of the issued and outstanding common shares of MML and NML. Pursuant to the letter of intent, the Company advanced \$291,587 (USD \$235,000) to NML which is included in prepaid expenses at June 30, 2022.

**Echelon Minerals Ltd.**

On September 7, 2021, the Company signed a letter of intent with Echelon Minerals Ltd. ("Echelon"), pursuant to which the Company would have acquired all of the issued and outstanding common shares of Echelon, which owns the rights to the Zanzui Prospecting Licence. Pursuant to the letter of intent, the Company paid Echelon a refundable deposit of \$761,334 (USD \$600,000).

During the nine months ended June 30, 2022, the Company terminated the letter of intent with Echelon. In connection with the termination of the letter of intent, the Company wrote off the deposit of \$761,334.

## 5. EXPLORATION AND EVALUATION ASSETS

### Caster Property

On August 1, 2020, the Company entered into an option agreement with Geomap Exploration Inc. ("Geomap") whereby the Company was granted an exclusive option to acquire a 100% interest in Caster Property located in Lac Paul, Quebec.

Under the terms of the option agreement, the Company is required to make the following payments:

- \$37,500 within 90 days of the agreement date (paid on October 27, 2020);
- \$50,000 on or before May 31, 2022; and
- \$75,000 on or before February 11, 2023.

In addition, the Company is required to issue 750,000 common shares, as follows:

- 250,000 common shares on or before May 31, 2022; and
- 500,000 common shares on or before February 11, 2023.

The Company is required to incur a minimum of \$410,000 of expenses on the property, as follows:

- \$110,000 on or before February 11, 2022 (completed); and
- an additional \$300,000 on or before February 11, 2023.

Geomap retained a 3.0% net smelter royalty on the property, of which one third (or 1.0%) can be repurchased by the Company at any time for \$1,000,000.

On May 31, 2022, the Company decided not to pursue the Caster Property. Accordingly, the right to option agreement asset was analyzed by management which elected to discontinue payments and was fully written off during the nine months ended June 30, 2022.

	<b>Caster Property</b>
	\$
Balance, September 30, 2020	-
Acquisition costs	37,500
Balance, September 30, 2021	37,500
Exploration and evaluation costs	109,990
Impairment of option agreement rights	(147,490)
<b>Balance, June 30, 2022</b>	<b>-</b>

## 6. SHARE CAPITAL

### a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

### b) Share issuances

During the nine months ended June 30, 2022, the Company had the following share transactions:

- On October 1, 2021, the Company closed a non-brokered private placement for gross proceeds of \$1,499,999 from the issuance of 5,999,998 units (the "Units") at a price of \$0.25 per Unit (the "Private Placement"). Each Unit consists of one common share and one-half warrant. A whole warrant may be exercised for one common share at price of \$0.50 for a period of twenty-four months from the closing date of the Private Placement. Gross proceeds were allocated between share capital and warrants reserve using the relative fair value method. As a result, \$1,230,494 was allocated to share capital and \$269,505 was allocated to warrants reserve. The fair value of the common shares was based on the market close on the date the Units were issued, and the fair value of the warrants was determined using the Black-Scholes pricing model with the following assumptions:



**Archer Exploration Corp.****Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended June 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

	<b>October 1, 2021</b>
Share price	\$0.275
Expected life	2 years
Expected volatility	111.00%
Risk-free rate	0.51%
Dividend yield	0.00%

- On January 26, 2022, the Company issued 5,000 common shares for gross proceeds of \$500 on the exercise of stock options. As a result, \$187 was reallocated from share-based payment reserve to share capital.
- During the nine months ended June 30, 2022, the Company issued a total of 7,800,000 common shares for gross proceeds of \$780,000 on the exercise of warrants.

During the year ended September 30, 2021, the Company had the following share transactions:

- On November 6, 2020, the Company issued 3,288,250 common shares with a fair value of \$164,413 to enter into the Amalgamation Agreement which included the acquisition of the right to an option agreement (Note 3).
- On February 3, 2021, the 1,200,000 special warrants were automatically converted into units, following the final receipt and listing of the Company on the Exchange. The units consisted of 1,200,000 common shares and 1,200,000 share purchase warrants exercisable at \$0.15 with an expiry date of February 3, 2023.
- On July 20, 2021, pursuant to a private placement, the Company issued 5,740,000 Units of the Company at \$0.20 per share for gross proceeds of \$1,148,000. Each unit consists of one common share and one-half common share purchase warrant to acquire an additional common share for \$0.50 for a period of twenty-four months from the date of closing. As a result, \$867,928 was allocated to share capital and \$280,072 was allocated to warrants reserve. The fair value of the common shares was based on the market close on the date the units were issued and the fair value of the warrants was determined using the Black-Scholes pricing model with the following assumptions:

	<b>July 20, 2021</b>
Share price	\$0.75
Expected life	2 years
Expected volatility	108.00%
Risk-free rate	0.46%
Dividend yield	0.00%

- In connection with the private placement closed on July 20, 2021, the Company also paid out finders' fees totalling \$45,000 cash and issuing 225,000 broker warrants with the same terms as the warrants noted above. As a result, \$108,908 was recorded in the warrants reserve for fair value of the broker warrants.

**c) Special warrants**

On November 20, 2020, the Company issued 1,200,000 special warrants at a price of \$0.10 for proceeds of \$120,000. In February 2021, the 1,200,000 special warrants were automatically converted into units, following the final receipt and listing of the Company on the Exchange. The units consisted of 1,200,000 common shares and 1,200,000 share purchase warrants exercisable at \$0.15 and expiring two years from the grant date. The total fair value of the common shares was \$79,028. The share purchase warrants were valued at \$40,972 using the Black-Scholes pricing model with the following assumptions:

	<b>November 20, 2020</b>
Share price	\$0.10
Expected life	2 years
Expected volatility	119.00%
Risk-free rate	0.21%
Dividend yield	0.00%

**Archer Exploration Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
For the three and nine months ended June 30, 2022 and 2021  
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**d) Warrants**

The following is a summary of the Company's warrants for the year ended September 30, 2021, and the nine months ended June 30, 2022:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, September 30, 2020	7,800,000	0.10
Issued	4,295,000	0.40
Balance, September 30, 2021	12,095,000	0.21
Issued	2,999,999	0.50
Exercised	(7,800,000)	0.09
<b>Balance, June 30, 2022</b>	<b>7,294,999</b>	<b>0.44</b>

  

Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining life
	\$	#	years
February 3, 2023	0.15	1,200,000	0.60
July 20, 2023	0.50	3,095,000	1.05
October 1, 2023	0.50	2,999,999	1.25
<b>Balance, June 30, 2022</b>	<b>0.44</b>	<b>7,294,999</b>	<b>1.06</b>

**e) Stock options**

The Company has a Stock Option Plan (the "Plan") under which directors, employees and consultants are eligible to receive stock option grants. Under the Plan, granted options are exercisable over periods up to 10 years as determined by the Board of Directors. The maximum number of outstanding options under the plan is limited to 10% of the number of issued and outstanding common shares.

The exercise price of each option is determined by the Board of Directors at the time of grant and cannot be less than the price permitted by the Exchange. Currently, the Exchange requires that the exercise price of options must be equal to or greater than the discounted market price (as defined in the policies of the Exchange). The exercise price of options is solely payable in cash. The Board of Directors has the discretion to determine the term and vesting provisions of any options granted under the Plan at the time of grant subject to the policies of the Exchange.

The following is a summary of the Company's stock options for the year ended September 30, 2021, and the nine months ended June 30, 2022:

	Number of options	Weighted average exercise price
	#	\$
Balance, September 30, 2020	-	-
Granted	1,045,313	0.12
Balance, September 30, 2021	1,045,313	0.12
Granted	1,500,000	0.51
Cancelled	(480,177)	0.12
Exercised	(5,000)	0.10
<b>Balance, June 30, 2022</b>	<b>2,060,136</b>	<b>0.40</b>

A summary of the Company's stock options outstanding and exercisable at June 30, 2022 is presented below:

Expiry date	Weighted average exercise price	Number of outstanding options	Number of exercisable options
	\$	#	#
October 15, 2022	0.10	40,000	40,000
June 8, 2026	0.12	520,136	264,081
October 20, 2026	0.51	1,500,000	300,000
<b>Balance, June 30, 2022</b>	<b>0.40</b>	<b>2,060,136</b>	<b>604,081</b>

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The weighted average remaining contractual life of stock options outstanding is 4.14 years.

On October 20, 2021, the Company granted an aggregate of 1,500,000 stock options to a director and officers of the Company. These stock options have an exercise price of \$0.51, a five-year life, and vest over a period of 3 years with 20% vested upon the date of grant, 20% will vest on October 20, 2022, 20% will vest on October 20, 2023, and 40% will vest on October 20, 2024.

The fair value of the stock options granted was calculated using the Black-Scholes option pricing model with the following assumptions:

	<b>October 20, 2021</b>
Share price	\$0.51
Expected life	5 years
Expected volatility	113.00%
Risk-free rate	1.29%
Dividend yield	0.00%

During the nine months ended June 30, 2022, the Company recorded \$325,360 (June 30, 2021 - \$15,050) of share-based compensation expense related to the options granted by the Company net of cancellations.

**f) Loss per share**

As at June 30, 2022 and September 30, 2021, all the outstanding stock options were anti-dilutive for the periods then ended as the Company was in a loss position.

**7. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Corporate Officers.

During the three and nine months ended June 30, 2022 and 2021, the Company incurred the following expenses in the ordinary course of business with a related party that is not a subsidiary of the Company.

	Three months ended June		Nine months ended	
	2022	30, 2021	2022	June 30, 2021
	\$	\$	\$	\$
Management fees	<b>7,500</b>	32,600	<b>104,797</b>	46,113
Share-based payments	<b>10,950</b>	8,287	<b>57,125</b>	10,588

As at June 30, 2022, the Company had \$nil (September 30, 2021 - \$46,916) due to related parties included in trade and other payables. Interest is not charged on outstanding balances and there are no specific terms of repayment.

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments are exposed to the following risks:

**a) Credit risk**

As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible. The Company's primary exposure to credit risk is potential liquidity constraints on cash amounting to \$628,286 at June 30, 2022 (September 30, 2021 - \$731,346).

**b) Interest rate risk**

The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its financial institution. The Company is not currently exposed to any material interest rate risk.

**c) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. As at June 30, 2022, the Company has sufficient funds to meet its current liabilities of \$115,125 (September 30, 2021 - \$224,611). The Company's trade and other payables have contractual maturities of less than 30 days and are subject to normal trade terms.

**d) Market and currency risk**

The Company's financial instruments consist of cash, and trade and other payables. It is not exposed to a material degree of currency risk because it has few transactions in foreign currencies and does not have foreign mineral properties. The Company is not exposed to market risk because it does not own publicly traded marketable securities and does not have investments in other companies.

**e) Fair value of financial instruments**

The fair values of the Company's financial assets and liabilities approximates their carrying amounts unless otherwise noted. 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:

- 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.

As at June 30, 2022, the Company has a cash balance of \$628,286 (September 30, 2021 - \$731,346).

The carrying value of trade and other payables approximates its fair value due to its short-term to maturity. Assets and liabilities are classified on the lowest level of input that is significant to the fair value measurement. As at June 30, 2022 and September 30, 2021, there were no financial instruments measured at fair value and classified as level 2 or level 3 in the fair value hierarchy.

**9. SUBSEQUENT EVENT**

On July 12, 2022, the Company entered into an asset purchase agreement with Wallbridge Mining Company Limited ("Wallbridge") whereby the Company will acquire from Wallbridge a 100% interest in certain mineral properties located in Quebec and Ontario in exchange for 198,635,786 common shares of the Company. The Company will also grant to Wallbridge a net smelter return royalty on production from certain of the acquired assets.

In connection with the asset purchase agreement with Wallbridge, the Company entered into a finder's fee agreement with two arm's length parties (the "Finders"). As compensation for the Finders' introduction of the Company and Wallbridge, should the transaction be completed, the Company will pay to the Finders, collectively, such number of common shares as is equal to 2.5% of 198,635,786 common shares with the fair value of \$1,340,792 (or 4,565,894 common shares).