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**BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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**NOTICE OF NO AUDITOR REVIEW OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

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

**BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

(Prepared by Management)

|   | Note | September 30,<br>2021<br>\$<br>(Unaudited) | December 31,<br>2020<br>\$<br>(Audited) |
|---|------|--|---|
| <b>ASSETS</b>                               |      |  |   |
| Current assets                              |      |  |   |
| Cash  |      | 326,599                                    | 408,385                                 |
| Amounts receivable                          |      | 1,200                                      | –                                       |
| Prepaid expenses                            |      | 15,000                                     | –                                       |
| Total current assets                        |      | 342,799                                    | 408,385                                 |
| Non-current assets                          |      |  |   |
| Exploration and evaluation assets           | 4    | 24,856                                     | 45,000                                  |
| Total assets                                |      | 367,655                                    | 453,385                                 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |      |  |   |
| Current liabilities                         |      |  |   |
| Accounts payable and accrued liabilities    |      | 16,263                                     | 6,635                                   |
| Total current liabilities                   |      | 16,263                                     | 6,635                                   |
| Shareholders' equity                        |      |  |   |
| Share capital                               | 5    | 579,811                                    | 579,811                                 |
| Share subscriptions receivable              |      | 50,000                                     | (1,300)                                 |
| Share-based reserves                        | 5    | 84,898                                     | –                                       |
| Deficit                                     |      | (363,317)                                  | (131,761)                               |
| Total shareholders' equity                  |      | 351,392                                    | 446,750                                 |
| Total liabilities and shareholders' equity  |      | 367,655                                    | 453,385                                 |

Nature of operations and continuance of business (Note 1)

Subsequent events (Note 10)

Approved and authorised for issuance on behalf of the Board on November 19, 2021:

"Balbir Johal"

Balbir Johal, Director

"Vivian Katsuris"

Vivian Katsuris, Director

(The accompanying notes are an integral part of these condensed interim financial statements)

**BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

|   |      | Three months<br>ended<br>September 30,<br>2021 | Three months<br>ended<br>September 30,<br>2020 | Nine months<br>ended<br>September 30,<br>2021 | Nine months<br>ended<br>September 30,<br>2020 |
|---|------|--|--|---|---|
|   | Note | \$   | \$   | \$  | \$  |
| <b>Expenses</b>                                 |      |  |  |   |   |
| Consulting                                      | 6    | 7,500  | 22,500   | 24,500  | 67,500  |
| General and administrative                      |      | 6,619  | 2,712  | 25,804  | 2,712   |
| Impairment of exploration and evaluation assets | 4    | –  | –  | 35,000  | –   |
| Professional fees                               |      | 3,555  | –  | 61,354  | –   |
| Share-based compensation                        | 5    | –  | –  | 84,898  | –   |
| Total expenses                                  |      | 17,674   | 25,212   | 231,556                                       | 70,212  |
| <b>Net and comprehensive loss</b>               |      | <b>(17,674)</b>                                | <b>(25,212)</b>                                | <b>(231,556)</b>                              | <b>(70,212)</b>                               |
| Loss per share, basic and diluted               |      | (0.00)   | (0.03)   | (0.02)  | (0.27)  |
| Weighted average number of shares outstanding   |      | 15,348,500                                     | 760,871  | 15,348,500                                    | 255,475                                       |

(The accompanying notes are an integral part of these condensed interim financial statements)

**BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

|                                    | Share capital       |               | Share subscriptions<br>receivable<br>\$ | Share-based<br>reserves<br>\$ | Deficit<br>\$   | Total<br>shareholders'<br>deficit<br>\$ |
|------------------------------------|---------------------|---------------|---|-------------------------------|-----------------|---|
|                                    | Number<br>of shares | Amount<br>\$  |   |                               |                 |   |
| <b>Balance, December 31, 2019</b>  | <b>1</b>            | <b>1</b>      | <b>–</b>                                | <b>–</b>                      | <b>(396)</b>    | <b>(395)</b>                            |
| Shares issued in private placement | 2,000,000           | 10,000        |   |                               |                 | 10,000                                  |
| Share subscriptions received       |                     |               | 308,100                                 |                               |                 | 308,100                                 |
| Net loss for the period            | –                   | –             | –                                       | –                             | (70,212)        | (70,212)                                |
| <b>Balance, September 30, 2020</b> | <b>2,000,001</b>    | <b>10,001</b> | <b>308,100</b>                          | <b>–</b>                      | <b>(70,608)</b> | <b>(247,493)</b>                        |

  

|                                    | Share capital       |                | Share subscriptions<br>receivable<br>\$ | Share-based<br>reserves<br>\$ | Deficit<br>\$    | Total<br>shareholders'<br>equity (deficit)<br>\$ |
|------------------------------------|---------------------|----------------|---|-------------------------------|------------------|--|
|                                    | Number<br>of shares | Amount<br>\$   |   |                               |                  |  |
| <b>Balance, December 31, 2020</b>  | <b>15,348,500</b>   | <b>579,811</b> | <b>(1,300)</b>                          | <b>–</b>                      | <b>(131,761)</b> | <b>446,750</b>                                   |
| Share subscriptions received       | –                   | –              | 51,300                                  | –                             | –                | 51,300   |
| Fair value of options granted      | –                   | –              | –                                       | 84,898                        | –                | 84,898   |
| Net loss for the period            | –                   | –              | –                                       | –                             | (231,556)        | (231,556)  |
| <b>Balance, September 30, 2021</b> | <b>15,348,500</b>   | <b>579,811</b> | <b>50,000</b>                           | <b>84,898</b>                 | <b>(363,317)</b> | <b>351,392</b>                                   |

(The accompanying notes are an integral part of these condensed interim financial statements)

**BRASCAN GOLD INC.**  
(FORMERLY VOLUMETREX EXCHANGE INC.)  
CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

|   | Nine months<br>ended<br>September 30,<br>2021<br>\$ | Nine months<br>ended<br>September 30,<br>2020<br>\$ |
|---|---|---|
| <b>OPERATING ACTIVITIES</b>                                   |   |   |
| Net loss for the period                                       | (231,556)   | (70,212)  |
| Items not involving cash:                                     |   |   |
| Share-based compensation                                      | 84,898  | –   |
| Impairment of exploration and evaluation assets               | 35,000  | –   |
| Changes in non-cash working capital:                          |   |   |
| Amounts receivable  | (1,200)   | (77,700)  |
| Prepaid expenses  | (15,000)  | –   |
| Accounts payable and accrued liabilities                      | 9,628   | 17,623  |
| <b>Net cash provided by (used in) operating activities</b>    | <b>(118,230)</b>                                    | <b>(130,289)</b>                                    |
| <b>INVESTING ACTIVITIES</b>                                   |   |   |
| Acquisition of exploration and evaluation assets              | –   | (45,000)  |
| Exploration activities  | (14,856)  | –   |
| <b>Net cash provided by (used in) investing activities</b>    | <b>(14,856)</b>                                     | <b>(45,000)</b>                                     |
| <b>FINANCING ACTIVITIES</b>                                   |   |   |
| Share subscriptions received                                  | 51,300  | 318,100   |
| <b>Net cash provided by (used in) financing activities</b>    | <b>51,300</b>                                       | <b>318,100</b>                                      |
| Change in cash  | (81,786)  | 142,811   |
| Cash, beginning of period                                     | 408,385   | –   |
| <b>Cash, end of period</b>                                    | <b>326,599</b>                                      | <b>142,811</b>                                      |
| <b>Supplemental Disclosure of Cash Flow Information</b>       |   |   |
| Cash paid for interest  | –   | –   |
| Cash paid for income taxes                                    | –   | –   |
| Exploration and evaluation costs included in accounts payable | –   | –   |

(The accompanying notes are an integral part of these condensed interim financial statements)

## **BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

### **1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS**

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Brascan Gold Inc. (the “Company”) was incorporated July 6, 2018 in the Province of British Columbia under the name Volumetrex Exchange Inc. On August 11, 2020, the Company changed its name from Volumetrex Exchange Inc. to Brascan Gold Inc. The Company is engaged in the exploration and development of mineral resources, currently focusing on projects in British Columbia. The Company’s head office is located at 1000-409 Granville Street Vancouver, BC, V6C 1T2. The Company’s registered and records office address is Suite 620, 1111 Melville Street, Vancouver, British Columbia, V6E 3V6.

These condensed interim financial statements have been prepared with the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

During the nine months ended September 30, 2021, the Company had no revenues, incurred a net and comprehensive loss of \$231,556, and had negative cash flows from operations of \$118,230. As at September 30, 2021, the Company had an accumulated deficit of \$363,317. The Company’s future capital requirements will depend on many factors, including the costs of exploring and developing its exploration and evaluation assets, operating costs, the current capital market environment, and global market conditions. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern and the impact of these adjustments could be material. These condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations.

The COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the extent of the effects of the COVID-19 pandemic on the Company’s operations has not been significant, the Company continues to monitor and assess the impact of the COVID-19 will have on its future business activities and the future impact could have a material effect on the Company’s planned business and operations.

### **2. BASIS OF PRESENTATION**

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These condensed interim financial statements of the Company, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The condensed interim financial statements were authorized for issue by the Board of Directors on November 19, 2021.

The condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as explained in the significant accounting policies outlined in Note 3 of the audited financial statements as at December 31, 2020. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company.

## **BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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#### Significant accounting judgments, estimates and assumptions

The condensed interim financial statements have been prepared using accounting policies consistent with those described in Note 3 of the Company's audited financial statements for the year ended December 31, 2020, except for income tax expense which is recognized and disclosed for the full financial year in the audited financial statements.

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

#### *Significant accounting estimates*

- fair value of share-based compensation; and
- recoverability of unrecognized deferred income tax assets.

#### *Significant accounting judgments*

- assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements; and
- carrying value of exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

#### Recent accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not effective for the period ended September 30, 2021 and have not been early adopted in preparing these condensed interim financial statements. These new and amended standards are not expected to have a material impact on the Company's condensed interim financial statements.



**BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

**4. EXPLORATION AND EVALUATION ASSETS**

|                                     | Howson<br>\$ | Vulcan<br>\$  | Total<br>\$   |
|-------------------------------------|--------------|---------------|---------------|
| <b>Acquisition costs:</b>           |              |               |               |
| Balance, December 31, 2019          | –            | –             | –             |
| Additions                           | 35,000       | 10,000        | 45,000        |
| Balance, December 31, 2020          | 35,000       | 10,000        | 45,000        |
| Impairment                          | (35,000)     | –             | (35,000)      |
| Balance, September 30, 2021         | –            | 10,000        | 10,000        |
| <b>Exploration costs:</b>           |              |               |               |
| Balance, December 31, 2019 and 2020 | –            | –             | –             |
| Geological                          | –            | 14,856        | 14,856        |
| Balance, September 30, 2021         | –            | 14,856        | 14,856        |
| Carrying amounts:                   |              |               |               |
| Balance, December 31, 2020          | 35,000       | 10,000        | 45,000        |
| Balance, September 30, 2021         | –            | <b>24,856</b> | <b>24,856</b> |

Howson Property, British Columbia

On September 10, 2020, and as amended on May 14, 2021, the Company entered into an option agreement with Oswaldo Perez Cabrera, an individual, to acquire 100% interest in two mineral claims located in the Burnie Lake area of British Columbia for cash payments of \$35,000 and the issuance of 3,000,000 common shares of the Company as follows:

- \$35,000 on the execution of the agreement (paid on September 10, 2020);
- Issue 1,000,000 common shares of the Company on the successful listing of the Company on a Canadian stock exchange;
- Issue 1,000,000 common shares of the Company on or before December 31, 2021; and
- Issue 1,000,000 common shares of the Company on or before September 30, 2022.

In addition, the Company is required to incur exploration expenditures of \$2,500,000 on the property over a period of five years as follows:

- \$100,000 on or before September 30, 2023;
- An additional \$600,000 on or before December 31, 2024;
- An additional \$800,000 on or before December 31, 2025; and
- An additional \$1,000,000 on or before December 31, 2026.

On June 22, 2021, the Company terminated the option agreement and impaired the carrying value of the property to \$Nil.

## **BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

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### **4. EXPLORATION AND EVALUATION ASSETS (continued)**

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#### Vulcan Property, British Columbia

On September 26, 2020, and as amended on June 14, 2021 and September 1, 2021, the Company entered into an option agreement with Eagle Plains Resources Ltd. (“Eagle Plains”), a company listed on the TSX Venture Exchange, to acquire a 60% interest in the Vulcan property located in the East Kootenay region of British Columbia. To earn the 60% interest, the Company is required to make cash payments of \$500,000 and issue 1,200,000 common shares of the Company as follows:

- \$10,000 on execution of the agreement (paid on September 29, 2020);
- \$15,000 and issue 400,000 common shares of the Company on the successful listing of the Company on a Canadian stock exchange;
- \$25,000 and issue 400,000 common shares of the Company on or before December 31, 2021;
- \$165,000 and issue 200,000 common shares of the Company on or before December 31, 2022; and
- \$285,000 and issue 200,000 common shares of the Company on or before December 31, 2023.

In addition, the Company is required to incur exploration expenditures of \$4,000,000 on the property over a period of four years as follows:

- \$100,000 on or before October 31, 2021;
- An additional \$1,400,000 on or before December 31, 2022;
- An additional \$1,000,000 on or before December 31, 2023; and
- An additional \$1,500,000 on or before December 31, 2024.

The Company has to pay a 2% net smelter royalty (NSR) to Eagle Plains payable upon the commencement of commercial production and the Company has the right to purchase half of the NSR for \$1,000,000.

### **5. SHARE CAPITAL**

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#### a) Authorized

Unlimited number of common shares without par value.

#### b) Issued

##### During the nine months ended September 30, 2021

There were no share capital transactions during the nine months ended September 30, 2021.

##### During the year ended December 31, 2020

On December 30, 2020, the Company issued 3,848,500 common shares at \$0.10 per share for proceeds of \$384,850, of which \$1,300 is receivable as at December 31, 2020. Included in the issuance was 105,000 common shares to directors of the Company for proceeds of \$10,500. As part of the issuance, the Company incurred share issuance costs of \$5,040.

On December 7, 2020, the Company issued 9,500,000 units at \$0.02 per unit for proceeds of \$190,000. Each unit is comprised of one common share and one share purchase warrant, where each share purchase warrant is exercisable into one common share at \$0.10 per share until December 7, 2023.

On August 27, 2020, the Company issued 2,000,000 common shares to the Chief Executive Officer and Director of the Company at \$0.005 per share for proceeds of \$10,000 and cancelled the incorporator share.

**BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

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**5. SHARE CAPITAL (continued)**

## c) Stock Options

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the TSX Venture Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than \$0.10 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

The following table summarizes the continuity of the Company's stock options:

|                                  | September 30, 2021 |                                 | December 31, 2020 |                                 |
|----------------------------------|--------------------|---------------------------------|-------------------|---------------------------------|
|                                  | Number of Options  | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Outstanding, beginning of period | –                  | \$ –                            | –                 | \$ –                            |
| Granted                          | 1,000,000          | \$ 0.10                         | –                 | \$ –                            |
| Outstanding, end of period       | 1,000,000          | \$ 0.10                         | –                 | \$ –                            |

The following stock options were outstanding and exercisable as at September 30, 2021:

| Expiry Date    | Weighted Average Remaining Contractual Life in Years | Exercise Price | Outstanding and Exercisable |
|----------------|--|----------------|-----------------------------|
| March 10, 2026 | 4.44   | \$ 0.10        | 1,000,000                   |
|                | 4.44   | \$ 0.10        | 1,000,000                   |

Share-based compensation is determined using the Black-Scholes option pricing model. During the nine months ended September 30, 2021, the Company recognized share-based compensation expense of \$84,898 (2020 - \$NIL) relating to stock options granted to officers and directors of the Company. The weighted average fair value of stock options granted during the period ended September 30, 2021 was \$0.08 (2020 - \$NIL) per option.

The weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

|                                  | Period ended September 30, 2021 | Year ended December 31, 2020 |
|----------------------------------|---------------------------------|------------------------------|
| Risk-free interest rate          | 0.91%                           | -                            |
| Expected option life in years    | 5 years                         | -                            |
| Expected share price volatility* | 127%                            | -                            |
| Expected forfeiture rate         | -                               | -                            |
| Expected dividend yield          | Nil                             | -                            |

\*The share price volatility was determined based on management's professional judgement and based on the average of three comparable entities' historical volatility in share price.

**BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

**5. SHARE CAPITAL (continued)**

## d) Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

|                                  | September 30, 2021 |                                 | December 31, 2020  |                                 |
|----------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
|                                  | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Outstanding, beginning of period | 9,500,000          | \$ 0.10                         | –                  | \$ –                            |
| Granted                          | –                  | \$ –                            | 9,500,000          | \$ 0.10                         |
| Outstanding, end of period       | 9,500,000          | \$ 0.10                         | 9,500,000          | \$ 0.10                         |

The following share purchase warrants were outstanding and exercisable as at September 30, 2021:

| Expiry Date      | Weighted Average Remaining Contractual Life in Years | Exercise Price | Outstanding and Exercisable |
|------------------|--|----------------|-----------------------------|
| December 7, 2023 | 2.19   | \$ 0.10        | 9,500,000                   |
|                  | 2.19   | \$ 0.10        | 9,500,000                   |

**6. RELATED PARTY TRANSACTIONS**

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

Key Management Compensation

Key management includes directors (executive and non-executive) and officers of the Company. The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

During the three and nine months ended September 30, 2021 and 2020, the Company entered into following transactions with related parties:

|                                   | Three months ended |                    | Nine months ended  |                    |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                   | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Consulting fees                   | \$ 7,500           | –                  | \$ 22,500          | –                  |
| Share-based compensation (Note 5) | –                  | –                  | 84,898             | –                  |
|                                   | 7,500              | –                  | 107,398            | –                  |

## **BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

### **7. CAPITAL MANAGEMENT**

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The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the prior year.

### **8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, price risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

#### Fair values

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

##### *Level 1 - Quoted Prices in Active Markets for Identical Assets*

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

##### *Level 2 - Significant Other Observable Inputs*

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

##### *Level 3 - Significant Unobservable Inputs*

Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

The fair value of financial instruments, which include cash, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

#### Credit risk

The Company is exposed to credit concentration risk through its cash holdings. The risk is minimized by holding cash with a high-credit quality Canadian financial institution. The carrying amount of cash represents the maximum credit exposure.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk as it does not have any liabilities with variable rates.

## **BRASCAN GOLD INC.**

(FORMERLY VOLUMETREX EXCHANGE INC.)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

### **8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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#### Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at September 30, 2021, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As of September 30, 2021, the Company had cash of \$326,599 (2020 – \$408,385) and a working capital of \$326,536 (2020 – \$ 401,750). The Company has outstanding accounts payable and accrued liabilities of \$16,263 (2020 – \$6,635) which fall due for payment within twelve months of the statement of financial position date.

#### Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

### **9. SEGMENTED INFORMATION**

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The Company currently operates in a single reportable operating segment: the acquisition, exploration and development of mineral properties in Canada. All of the Company's assets and expenditures are located in Canada. Since the Company does not have any revenue producing activities, there is no segment information by revenues.

### **10. SUBSEQUENT EVENTS**

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- a) On October 15, 2021, the Company executed an option agreement with third-party vendors (the "Optionors") to acquire an undivided 100% interest in the Middle Arm Fault Property. Under the terms of the agreement, the Company may earn the 100% interest by completing \$725,000 in exploration expenditures, making cash payments of \$168,000 and issuing 670,000 common shares to the Vendors over four years. The Optionors will retain a 2.5% NSR with the Company having the option to repurchase 1.5% of the NSR for \$2 million.
- b) On October 22, 2021, the Company granted 400,000 stock options to consultants with an exercise price of \$0.40 and a term to expiry of three years.
- c) On October 27, 2021, the Company granted 150,000 stock options to a director with an exercise price of \$0.45 and a term to expiry of three years.
- d) On October 31, 2021, the Company signed a letter of intent ("LOI") with Chapada Brasil Mineracao Ltda. ("CMB") to earn and acquire up to an undivided 100% interest in the Alegre Property. Under the terms of the LOI, the Company may earn the 100% interest by completing \$1,000,000 in exploration expenditures, making cash payments of \$400,000 and issuing 800,000 common shares to CMB over two and a half years. CSM will retain a 2.0% NSR with the Company having the option to repurchase 1.0% of the NSR for \$1 million.
- e) On November 1, 2021, the Company granted 100,000 stock options to a consultant with an exercise price of \$0.45 and a term to expiry of five years.