

BIG RED MINING CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended November 30, 2021

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the 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 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 condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of the condensed interim financial statements by an entity's auditor.

BIG RED MINING CORP.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

| | Note | As at November 30, 2021 | As at August 31, 2021 |
|---|------|----------------------------|--------------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | | 1,213,241 | 1,498,296 |
| GST receivable | | 48,395 | 15,221 |
| Total current assets | | 1,261,636 | 1,513,517 |
| Exploration and evaluation asset | 5, 6 | 414,524 | 117,680 |
| Total assets | | \$1,676,160 | \$1,631,197 |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 6 | 200,499 | 49,175 |
| Flow-through liability | 7 | 12,000 | 12,000 |
| Total current liabilities | | 212,499 | 61,175 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 7 | 1,575,361 | 599,461 |
| Special warrants | 7 | - | 975,900 |
| Reserves | 7 | 53,025 | 26,719 |
| Deficit | | (164,725) | (32,058) |
| Total shareholders' equity | | 1,463,661 | 1,570,022 |
| Total liabilities and shareholders' equity | | \$1,676,160 | \$1,631,197 |

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors on January 21, 2022:

| | |
|---------------------|-------------------------|
| <u>"Jag Sandhu"</u> | <u>"Rodney Stevens"</u> |
| Director | Director |

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

BIG RED MINING CORP.**Condensed Interim Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars, except number of shares)

| | | Three Months Ended November 30, 2021 | For the period from October 18, 2020 (inception) to November 30, 2020 |
|---|------|---|--|
| | Note | \$ | \$ |
| Operating expenses | | | |
| Consulting Fees | 6 | 10,000 | - |
| Office and Miscellaneous | 6 | 27,967 | - |
| Professional fees | 6 | 49,150 | - |
| Travel Expenses | | 4,244 | - |
| Share-Based Compensation | 6, 7 | 26,306 | - |
| Marketing | | 15,000 | - |
| Total operating expenses | | 132,667 | - |
| Net Loss | | \$(132,667) | \$- |
| Loss per share: | | | |
| Basic and diluted | | \$(0.01) | \$- |
| Weighted average number of shares outstanding: | | | |
| Basic and diluted | | 22,253,367 | - |

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

BIG RED MINING CORP.**Condensed Interim Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars, except number of shares)

| | Share capital | | Special warrants | Reserves | Deficit | Total |
|--|-------------------------|---------------------|------------------|------------------|---------------------|------------------|
| | Number of common shares | Amount | | | | |
| Balance at October 18, 2020 (Incorporation) | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Founder shares (Note 7) | 5,000,000 | 25,000 | - | - | - | 25,000 |
| Private placements (Note 7) | 11,200,000 | 336,250 | - | - | - | 336,250 |
| Flow-through private placements (Note 7) | 4,160,000 | 308,000 | - | - | - | 308,000 |
| Special warrant private placements (Note 7) | - | - | 975,900 | - | - | 975,900 |
| Shares issued for property (Note 5, 7) | 50,000 | 2,500 | - | - | - | 2,500 |
| Share-issuance costs - cash (Note 7) | - | (45,570) | - | - | - | (45,570) |
| Share-issuance costs – agent warrants (Note 7) | - | (26,719) | - | 26,719 | - | - |
| Net Loss | - | - | - | - | (32,058) | (32,058) |
| Balance at August 31, 2021 | 20,410,000 | 599,461 | 975,900 | 26,719 | (32,058) | 1,570,022 |
| Conversion of special warrants (Note 7) | 4,879,500 | 975,900 | (975,900) | - | - | - |
| Share-based compensation (Note 7) | - | - | - | 26,306 | - | 26,306 |
| Net Loss | - | - | - | - | (132,667) | (132,667) |
| Balance at November 30, 2021 | 25,289,500 | \$ 1,575,361 | \$ - | \$ 53,025 | \$ (164,725) | 1,463,661 |

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

BIG RED MINING CORP.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)

| | Three Months Ended November 30, 2021 | For the period from October 18, 2020 (inception) to November 30, 2020 |
|--|--|--|
| | \$ | \$ |
| Operating activities | | |
| Net loss for the period | (132,667) | - |
| Share-based compensation | 26,306 | |
| Changes in non-cash working capital | | |
| GST receivable | (33,174) | - |
| Accounts payable and accrued liabilities | 151,324 | - |
| Net cash flows provided by operating activities | 11,789 | - |
| Investing activities | | |
| Exploration and evaluation asset | (296,844) | - |
| Net cash flows used in investing activities | (296,844) | - |
| Financing activities | | |
| Cash received from private placements | - | - |
| Cash received from issuance of special warrants | - | - |
| Cash share issuance costs | - | - |
| Net cash flows provided by financing activities | - | - |
| Decrease in cash and cash equivalents | (285,055) | - |
| Cash and cash equivalents, beginning of year | 1,498,296 | - |
| Cash and cash equivalents, end of year | \$1,213,241 | \$- |
| Non-cash transactions affecting cash flows from investing and financing activities: | | |
| Exploration and evaluation assets included in accounts payable | \$133,923 | \$- |
| Share issuance costs included in accounts payable | \$11,760 | \$- |
| Shares issued for property option payment | \$- | \$- |
| Cash paid for: | | |
| Interest | \$- | \$- |
| Income taxes | \$- | \$- |

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

BIG RED MINING CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended November 30, 2021

(Expressed in Canadian dollars – unless otherwise noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Big Red Mining Corp. (the “Company”) is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the *Business Corporations Act* of British Columbia on October 18, 2020. The address of the Company's registered and records office and principal place of business is Suite 100, 17565 58 Avenue, Surrey, British Columbia, V3S 4E3 Canada.

The Company’s primary business is the acquisition and exploration of mineral properties. The Company’s exploration and evaluation asset (Note 5) does not presently host any known mineral deposits nor, given the high degree of risk involved, can there be any assurance that its exploration activities will result in the definition of such deposits being located or, ultimately, a profitable mining operation in the future.

These financial statements (the “financial statements”) have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a loss of \$132,667 during the period ended November 30, 2021 and has an accumulated deficit as at November 30, 2021 of \$164,725 (August 31, 2021 - \$32,058). Further, the Company has no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct required exploration and development of its mineral property projects. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern. These adjustments could be material.

In 2020, there was a global outbreak of coronavirus that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a prospective material impact to the Company’s project exploration activities, cash flows and liquidity. Various restrictions on gatherings, work and access to remote communities near the Company’s project may also impact the Company’s ability to perform exploration activities at the project.

2. BASIS OF PRESENTATION

a) Statement of compliance

These interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. IFRS includes International Accounting Standards (“IAS”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the period ended August 31, 2021.

These financial statements were approved and authorized for issuance by the Company’s Board of Directors on January 21, 2022.

b) Basis of measurement

These interim financial statements have been prepared on a historical cost basis, except for those financial instruments which have been classified and measured at fair value. In addition, with the exception of cash flow information, these financial statements have been prepared using the accrual method of accounting.

All amounts in these condensed interim financial statements are presented in Canadian dollars, the functional currency of the Company. The accounting policies set out below have been applied consistently.

c) Functional and presentation currency

The Company considers the primary and secondary indicators as part of its decision-making process. The condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

BIG RED MINING CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended November 30, 2021

(Expressed in Canadian dollars – unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in notes 2 and 3 to the Company's audited annual financial statements for the period ended August 31, 2021 except for the following:

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- a) fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee;
- d) exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

During the period ended November 30, 2021 the Company entered into a month-to-month lease for head office space. Due to the short term nature of the agreement the Company has applied the practical expedient to expense the rent payments as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Environmental rehabilitation obligation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

Fair-value of finders' warrants

The Company measures the cost of finders' warrants by reference to the fair value of the warrants at the date on which they are granted. Estimating the fair value of finder warrants requires applying the Black-Scholes valuation model to each grant based on the terms and conditions of such issuance.

Share-based compensation

The fair value of stock options issued are subject to the limitations of the Black-Scholes Option Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

BIG RED MINING CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended November 30, 2021

(Expressed in Canadian dollars – unless otherwise noted)

4. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

a) Recent accounting pronouncements

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

5. EXPLORATION AND EVALUATION ASSET

The Company entered into an option agreement with Rich Copper Exploration Corp. (the “Vendor”) dated February 25, 2021, as amended on June 3, 2021, (the “Option Agreement”) to acquire a 100% interest in certain claims comprising the Dobie Lake Property (the “Property”) located in Ontario, Canada, subject to a 2% net smelter returns royalty payable to the Vendor.

Pursuant to the Option Agreement, to exercise the option the Company is required to:

- a) make a cash payment of \$5,000 to the Vendor within 30 days of signing of the Option Agreement (paid)
- b) issue a total of 350,000 common shares in the capital of the Company (“Shares”) to the Vendor per the following schedule:
 - 50,000 Shares within 90 days of signing the Option Agreement (issued)
 - 100,000 Shares on or before the first anniversary date of the Option Agreement
 - 100,000 Shares on or before the second anniversary date of the Option Agreement
 - 100,000 Shares on or before the third anniversary date of the Option Agreement
- c) incur exploration expenditures totaling \$830,000 on the Property per the following schedule:
 - \$80,000 on or before the first anniversary date of the Option Agreement
 - a further \$150,000 on or before the second anniversary date of the Option Agreement
 - a further \$250,000 on or before the third anniversary date of the Option Agreement
 - a further \$350,000 on or before the fourth anniversary date of the Option Agreement

The Company entered into an option agreement with an Optionor (the “Gryba Vendor”) dated November 30, 2021, (the “Gryba Option Agreement”) to acquire a 100% interest in certain claims comprising the Gryba Project (the “Gryba Property”) located in Ontario, Canada.

Pursuant to the Option Agreement, to exercise the option the Company is required to:

- a) make a cash payment of \$4,500 to the Gryba Vendor on signing of the Gryba Option Agreement (paid)
- b) make a cash payment of \$4,500 to the Gryba Vendor within 6 months of signing of the Gryba Option Agreement

BIG RED MINING CORP.**Notes to the Condensed Interim Financial Statements****For the three months ended November 30, 2021**

(Expressed in Canadian dollars – unless otherwise noted)

5. EXPLORATION AND EVALUATION ASSET (CONTINUED)

During the period ended November 30, 2021, the Company incurred a total of \$296,844 in exploration expenditures.

| | August 31, 2021 | Additions | November 30, 2021 |
|--------------------------------|-----------------|-----------|-------------------|
| | \$ | \$ | \$ |
| Acquisition costs | 7,500 | 4,500 | 12,000 |
| Exploration costs | | | |
| Field expenses | 1,547 | 10,996 | 12,543 |
| Geological consulting | 92,324 | 53,367 | 145,691 |
| Geophysical | 16,309 | - | 16,309 |
| Drilling | - | 227,981 | 227,981 |
| Total exploration costs | 110,180 | 292,344 | 402,524 |
| Total | \$117,680 | \$296,844 | \$414,524 |

6. RELATED PARTY TRANSACTIONS

During the period ended November 30, 2021 the Company:

- Recorded \$10,000 (2020 - \$Nil) in Consulting fees relating to services rendered by a company controlled by the CEO;
- Recorded \$1,450 (2020 - \$Nil) in Office and miscellaneous relating to rent for head office space which will be paid to the CEO;
- Recorded \$20,000 (2020 - \$Nil) in Professional fees relating to services rendered by a company controlled by the CFO;
- Recorded \$32,083 (2020 - \$Nil) in Geological consulting fees which is capitalized to Exploration and Evaluation assets relating to services rendered by a company of which a director of the Company is a director and Vice President Exploration;
- Issued 1,050,000 options to directors and officers of the Company and recognized \$20,768 in share based compensation expense.

Amounts due to or from related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties. The amounts due to or from related parties as at November 30, 2021 are included in accounts payable and accrued liabilities:

| | November 30, 2021 | August 31, 2021 |
|--|-------------------|-----------------|
| | \$ | \$ |
| Due to directors and officers of the Company | 172,242 | 233 |
| Other related parties | 716 | 716 |
| Total | \$172,958 | \$949 |

7. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

Share transactions

During the period ended November 30, 2021, the Company issued the following:

- a) On October 26, 2021 the Company received notice of receipt for its long form prospectus from the British Columbia Securities Commission. As such on October 27, 2021 all outstanding Special Warrants were exercised and the Company issued 4,879,500 common shares to the special warrant holders for no additional consideration.

During the period ended August 31, 2021, the Company issued the following:

- a) On February 22, 2021 the Company issued 5,000,000 common shares at \$0.005 per share for gross proceeds of \$25,000.
- b) On March 15, 2021 the Company closed its \$0.025 flow-through unit offering issuing 3,200,000 flow-through units for gross proceeds of \$80,000. Each flow-through unit consists of one flow-through common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share at an exercise price of \$0.20 per share on or before March 16, 2026. The warrants were valued at \$nil, using the residual value method and the Company recorded \$nil in flow-through liability in connection to the financing.
- c) On March 15, 2021 the Company closed its \$0.025 unit offering issuing 8,950,000 units for gross proceeds of \$223,750. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share at an exercise price of \$0.20 per share on or before March 16, 2026. The warrants were valued at \$nil, using the residual value method and the Company recorded \$nil in flow-through liability in connection to the financing.
- d) On March 30, 2021 the Company issued 2,250,000 common shares at \$0.05 per share for gross proceeds of \$112,500.
- e) On April 5, 2021 the Company issued 50,000 common shares at a fair value of \$0.05 per share, for a total value of \$2,500, in connection to the first option payment on the Dobie Lake Property.
- f) On August 18, 2021 the Company closed its \$0.25 flow-through unit offering issuing 960,000 flow-through units for gross proceeds of \$240,000. Each flow-through unit consist of one flow-through common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional share at an exercise price of \$0.30 per share on or before August 21, 2023. The warrants were valued at \$nil, using the residual value method and the Company recorded \$12,000 in flow-through liability in connection to the financing. In connection to the financing the Company paid a cash finder's fee of \$11,200 and issued 44,800 finder's warrants that were valued at \$6,087 using the Black Scholes model with an expected life of 2 years, volatility of 122% and a risk free rate of 0.40%. The finder's warrants are exercisable for a period of 2 years at a price \$0.30 per share.

7. SHARE CAPITAL (CONTINUED)

Special warrants

During the period ended August 31, 2021, the Company issued a total of 4,879,500 special warrants (the “Special Warrants”) at \$0.20 for gross proceeds of \$975,900. Each Special Warrant entitles the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one previously unissued unit in the capital of the Company. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant where each warrant entitles the holder to purchase one additional common share at an exercise price of \$0.25 per share for a period of 3 years from the date of the exercise of the special warrants.

The Special Warrants may be exercised by the subscriber, in whole or in part, at any time following the closing of the offering. Any unexercised Special Warrants will be deemed to be exercised on that day which is the earlier of:

- the first (1st) business day following the day on which a receipt for a (final) prospectus has been issued to the Company by or on behalf of the securities regulatory; and
- the tenth (10th) anniversary of the date of the Special Warrant certificate.

The Company issued the special warrants in the following tranches:

- On July 5, 2021 the Company closed its first tranche issuing 1,163,000 special warrants for gross proceeds of \$232,600. In connection to the financing the Company paid a cash finder’s fee of \$6,240 and issued 31,200 finder’s warrants that were valued at \$2,965 using the Black Scholes model with an expected life of 2 years, volatility of 122% and a risk free rate of 0.46%. The finder’s warrants are exercisable at a price \$0.40 per share until the earlier of (a) 2 years from the date of issuance of the finder’s warrants and (b) 18 months from the first business day following the day on which a receipt for a (final) prospectus has been issued.
- On July 23, 2021 the Company closed its second tranche issuing 503,500 special warrants for gross proceeds of \$100,700. In connection to the financing the Company paid a cash finder’s fee of \$3,250 and issued 16,250 finder’s warrants that were valued at \$2,043 using the Black Scholes model with an expected life of 2 years, volatility of 122% and a risk free rate of 0.38%. The finder’s warrants are exercisable at a price \$0.40 per share until the earlier of (a) 2 years from the date of issuance of the finder’s warrants and (b) 18 months from the first business day following the day on which a receipt for a (final) prospectus has been issued.
- On August 18, 2021 the Company closed its third tranche issuing 1,024,000 special warrants for gross proceeds of \$204,800. In connection to the financing the Company paid a cash finder’s fee of \$12,400 and issued 62,000 finder warrants that were valued at \$8,424 using the Black Scholes model with an expected life of 3 years, volatility of 122% and a risk free rate of 0.40%. The finder’s warrants are exercisable for a period of 3 years at a price \$0.25 per share.
- On August 20, 2021 the Company closed its fourth tranche issuing 733,500 special warrants for gross proceeds of \$146,700. In connection to the financing the Company paid a cash finder’s fee of \$11,360 and issued 56,800 finder’s warrants that were valued at \$6,483 using the Black Scholes model with an expected life of 18 months, volatility of 122% and a risk free rate of 0.39%. The finder’s warrants were issued on August 31, 2021 and are exercisable for a period of 18 months at a price \$0.25 per share.

BIG RED MINING CORP.
Notes to the Condensed Interim Financial Statements
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(Expressed in Canadian dollars – unless otherwise noted)

7. SHARE CAPITAL (CONTINUED)

Special warrants (continued)

- On August 31, 2021 the Company closed its fifth and final tranche issuing 1,455,500 special warrants for gross proceeds of \$291,100. In connection to the financing the Company paid cash finder's fees of \$1,120 and issued 5,600 finder's warrants that were valued at \$717 using the Black Scholes model with an expected life of 2 years, volatility of 122% and a risk free rate of 0.39%. Of the finder's warrants, 3,600 warrants are exercisable for a period of 3 years at a price \$0.25 per share and 2,000 warrants are exercisable for a period of 18 months at a price \$0.25 per share.

On October 26, 2021 the Company received notice of receipt for its long form prospectus from the British Columbia Securities Commission. As such on October 27, 2021 all outstanding Special Warrants were exercised and the Company issued 4,879,500 common shares to the special warrant holders for no additional consideration.

Warrants

Below is a summary of warrant activity during the period ended November 30, 2021:

| | Amount Outstanding | Weighted Average Exercise Price |
|---|--------------------|------------------------------------|
| Outstanding October 18, 2020 (Incorporation) | - | \$- |
| Issued | 7,251,650 | \$0.22 |
| Balance at August 31, 2021 | 7,251,650 | \$0.22 |
| Issued | 4,879,500 | \$0.25 |
| Balance at November 30, 2021 | 12,131,150 | \$0.23 |

The following table summarizes information about the warrants outstanding as at November 30, 2021:

| Number of warrants outstanding | Exercise price | Remaining life (years) | Expiry date |
|--------------------------------|-------------------|---------------------------|-------------------------------|
| 58,800 ⁽¹⁾ | \$0.25 | 1.25 | March 1, 2023 |
| 31,200 ⁽¹⁾ | \$0.40 | 1.41 | April 27, 2023 ⁽²⁾ |
| 16,250 ⁽¹⁾ | \$0.40 | 1.41 | April 27, 2023 ⁽³⁾ |
| 44,800 ⁽¹⁾ | \$0.30 | 1.72 | August 21, 2023 |
| 960,000 | \$0.30 | 1.72 | August 18, 2023 |
| 62,000 ⁽¹⁾ | \$0.25 | 2.72 | August 19, 2024 |
| 3,600 ⁽¹⁾ | \$0.25 | 2.75 | August 31, 2024 |
| 6,075,000 | \$0.20 | 4.29 | March 16, 2026 |
| 4,879,500 | \$0.25 | 2.91 | October 27, 2024 |
| 12,131,150 | \$0.23 | 3.49 | |

⁽¹⁾Agent warrants

⁽²⁾ These warrants expire on the date that is the earlier of (a) July 5, 2023 and (b) 18 months from the first business day following the day on which a receipt for a (final) prospectus has been issued by or on behalf

BIG RED MINING CORP.
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(Expressed in Canadian dollars – unless otherwise noted)

7. SHARE CAPITAL (CONTINUED)

Warrants (continued)

of the last of the securities regulatory authorities in the Province of British Columbia and in such other jurisdictions as may be determined by the Company qualifying the distribution of the shares to be issued upon exercise of the special warrants issued by the Company on July 5, 2021.

⁽³⁾ These warrants expire on the date that is the earlier of (a) July 23, 2023 and (b) 18 months from the first business day following the day on which a receipt for a (final) prospectus has been issued by or on behalf of the last of the securities regulatory authorities in the Province of British Columbia and in such other jurisdictions as may be determined by the Company qualifying the distribution of the shares to be issued upon exercise of the special warrants issued by the Company on July 23, 2021.

Options

During the three months ended November 30, 2021, the Company granted 1,330,000 stock options exercisable at a price of \$0.20 with a 5-year life and 350,000 stock options exercisable at a price of \$0.20 with a 5-year life. The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of the options granted. The Company utilized the following assumptions: average volatility - 122%, average risk-free rate – 1.40% and a five-year term. Accordingly, the estimate grant date fair value of the options was \$265,014. All options granted vest over a period of 1 year with 25% of the options vesting every 3 months. During the three month period ended November 30, 2021 the Company recorded \$26,308 in share-based compensation in relation to these grants.

A summary of the Company’s stock option activity is as follows:

| | Number Outstanding | Weighted Average Exercise Price |
|---|---------------------------|--|
| | # | \$ |
| Outstanding at August 31, 2021 | - | - |
| Issued | 1,680,000 | 0.20 |
| Outstanding at November 30, 2021 | 1,680,000 | \$0.20 |

BIG RED MINING CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended November 30, 2021

(Expressed in Canadian dollars – unless otherwise noted)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, receivables, and accounts. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

As at November 30, 2021, the fair value of cash and cash equivalents held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's primary exposure to credit risk is its cash of \$1,213,241 at November 30, 2021. With cash on deposit with reputable financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at November 30, 2021, the Company had current liabilities totaling \$212,499 and cash and cash equivalents of \$1,213,241 and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

Market risk

Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

BIG RED MINING CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended November 30, 2021

(Expressed in Canadian dollars – unless otherwise noted)

9. CAPITAL MANAGEMENT

The Company includes shareholders' equity and any debt it may issue, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. The Company is not subject to any external covenants.