



## **ENDURO METALS CORPORATION**

**Condensed Interim Consolidated Financial Statements**

**For the six months ended March 31, 2021 and 2020**

**(Unaudited)**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed interim consolidated financial statements of Enduro Metals Corporation (the "Company") are the responsibility of the Company's management. The condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgments based on information currently available.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the condensed interim consolidated financial statements prior to their submission to the Board of Directors for approval.

The condensed interim consolidated financial statements as at March 31, 2021, and for the periods ended March 31, 2021 and 2020, have not been audited or reviewed by the Company's independent auditors.

*"Cole Evans"*

Cole Evans  
President & CEO  
May 31, 2021

*"Malcolm Davidson"*

Malcolm Davidson, CPA, CA  
Chief Financial Officer  
May 31, 2021

**ENDURO METALS CORPORATION**

Condensed Interim Consolidated Statements of Financial Position  
Expressed in Canadian Dollars

	Note	March 31, 2021 (Unaudited)	September 30, 2020
<b>ASSETS</b>			
Current assets			
Cash		\$ 3,850,330	\$ 6,494,870
Taxes receivable		76,374	144,616
Prepaid expenses and deposits		365,673	564,671
Due from related parties	<b>7b</b>	120,057	-
<b>Total current assets</b>		<b>4,412,434</b>	<b>7,204,157</b>
Exploration and evaluation assets	<b>4</b>	17,418,067	15,487,651
Property and equipment	<b>3</b>	60,749	
Deposit	<b>4</b>	200,000	200,000
		<b>\$ 22,091,250</b>	<b>\$ 22,891,808</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 375,375	\$ 1,474,202
Due to related parties	<b>7</b>	-	388,580
<b>Total current liabilities</b>		<b>375,375</b>	<b>1,862,782</b>
Loan payable	<b>8</b>	60,000	40,000
<b>Total Liabilities</b>		<b>435,375</b>	<b>1,902,782</b>
<b>Equity</b>			
Share capital	<b>6</b>	48,743,859	47,349,515
Share subscriptions receivable	<b>6</b>	(13,595)	(21,330)
Equity reserves	<b>6</b>	4,664,395	4,462,037
Accumulated deficit		(31,738,784)	(30,801,196)
<b>Total Equity</b>		<b>21,655,875</b>	<b>20,989,026</b>
<b>Total liabilities and equity</b>		<b>\$ 22,091,250</b>	<b>\$ 22,891,808</b>

Nature and continuance of operations (Note 1)  
Subsequent events (Note 14)

**Approved by the Board of Directors on May 31, 2021:**

*"Susanne Hermans"*

Director

*"Cole Evans"*

Director

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

**ENDURO METALS CORPORATION**

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars – Unaudited)

	Note	Three Months Ended March 31,		Six Months Ended March 31,	
		2021	2020	2021	2020
<b>EXPENSES</b>					
Amortization	3	\$ 4,803	\$ 1,570	\$ 4,803	\$ 3,143
Management and consulting fees		135,648	195,308	419,219	390,377
Directors fees (reversal)	8	-	(7,750)	-	-
General, rent and administrative		12,312	6,619	25,216	66,892
Interest on mortgage payable	5	-	7,404	-	14,809
Gain on disposal of share ownership of Sassy		-	(27,654)	-	(148,665)
Gain on dissolution of subsidiary		-	-	(80,684)	-
Corporate communication		244,114	49,899	306,668	442,238
Office and miscellaneous		19,621	87,847	30,594	161,646
Professional fees		57,370	101,840	121,080	166,662
Regulatory and compliance fees		45,408	5,631	85,668	12,407
Other income on reversal of flow-through premium	6	-	(114,619)	-	(117,505)
Other income		(29,568)	-	(179,568)	-
Salary		-	606	-	1,340
Share-based compensation	6	102,156	-	206,583	-
Travel		520	5,300	(1,991)	22,667
Write-off of accounts payable		-	-	-	(1,500)
Write-off of equipment		-	14,690	-	14,690
Write-off of receivables	7	-	17,309	-	17,309
Write-off of exploration and evaluation assets		-	7,188	-	143,201
<b>Loss and comprehensive loss for the period</b>		<b>\$ (592,384)</b>	<b>\$ (351,188)</b>	<b>\$ (937,588)</b>	<b>\$ (1,189,711)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares Outstanding – basic and diluted</b>		<b>207,858,262</b>	<b>159,960,541</b>	<b>204,052,851</b>	<b>136,363,458</b>

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

**ENDURO METALS CORPORATION**

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars – Unaudited)

For the Six Months Ended March 31

	Number of shares	Share capital	Share subscriptions receivable	Equity reserves	Accumulated deficit	Total equity
<b>Balance, September 30, 2019</b>	<b>112,507,067</b>	<b>\$ 34,825,664</b>	<b>\$ (14,000)</b>	<b>\$ 3,740,307</b>	<b>\$ (28,732,497)</b>	<b>\$ 9,819,474</b>
Private placements	37,300,866	3,869,005	(21,000)	-	-	3,848,005
Share issuance costs	-	(96,118)	-	-	-	(96,118)
Exercise of warrants	100,000	15,000	-	-	-	15,000
Warrants issued as finders' fees	-	(35,225)	-	35,225	-	-
Flow-through share premium	-	(114,619)	-	-	-	(114,619)
Plan of arrangement	-	(2,500,000)	-	-	-	(2,500,000)
Loss for the period	-	-	-	-	(1,189,711)	(1,189,711)
<b>Balance March 31, 2020</b>	<b>149,907,933</b>	<b>35,963,707</b>	<b>(35,000)</b>	<b>3,775,532</b>	<b>(29,922,208)</b>	<b>9,782,031</b>
<b>Balance September 30, 2020</b>	<b>200,162,876</b>	<b>47,349,515</b>	<b>(21,330)</b>	<b>4,462,037</b>	<b>(30,801,196)</b>	<b>20,989,026</b>
Exercise of warrants	3,164,893	594,344	7,735	(4,225)	-	597,854
Exploration and evaluation assets	4,000,000	800,000	-	-	-	800,000
Share-based payments	-	-	-	206,583	-	206,583
Returned to treasury	(1,820,000)	-	-	-	-	-
Loss for the period	-	-	-	-	(937,588)	(937,588)
<b>March 31, 2021</b>	<b>205,507,769</b>	<b>\$ 48,743,859</b>	<b>\$ (13,595)</b>	<b>\$ 4,664,395</b>	<b>\$ (31,738,784)</b>	<b>\$ 21,655,875</b>

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

**ENDURO METALS CORPORATION**

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars – Unaudited)

For the Six Months Ended March 31

	<b>2021</b>	<b>2020</b>
Cash generated by (used in):		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (937,588)	\$ (1,189,711)
Item not affecting cash:		
Amortization	4,803	3,143
Interest on mortgage payable	-	14,809
Gain on dissolution of subsidiary	(80,684)	-
Gain on dilution of share ownership of Sassy	-	(148,665)
Share-based payments	206,583	-
Other income on reversal of flow-through premium	-	(117,505)
Write-off of accounts payable	-	(1,500)
Write-off of exploration and evaluation assets	-	146,201
Write-off of receivable	-	17,309
Write-off of equipment	-	14,690
Changes in non-cash working capital items:		
Increase in receivables	68,242	287,035
Increase in prepaids	198,998	(6,418)
Decrease in accounts payable and accrued liabilities	31,857	(1,061,857)
Increase in due from related parties	(515,194)	69,656
<b>Net cash used in operating activities</b>	<b>(1,022,983)</b>	<b>(1,972,813)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	3,848,005
Proceeds from the exercise of warrants	590,119	15,000
Subscriptions receivable	7,735	-
Loan proceeds	20,000	-
Share issuance costs	-	(96,118)
Repayment on mortgage liability	-	(4,937)
<b>Net cash provided by financing activities</b>	<b>617,854</b>	<b>3,761,950</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets expenditures	(2,173,859)	(1,811,139)
Additions to property and equipment	(65,552)	-
Deposit	-	13,000
<b>Net cash used in investing activities</b>	<b>(2,239,411)</b>	<b>(1,798,139)</b>
<b>Change in cash for the period</b>	<b>(2,644,540)</b>	<b>(9,002)</b>
<b>Cash, beginning of period</b>	<b>6,494,870</b>	<b>135,986</b>
<b>Cash, end of period</b>	<b>\$ 3,850,330</b>	<b>\$ 126,984</b>
<b>Cash paid during the period for interest</b>	<b>\$ 5,165</b>	<b>\$ 4,937</b>
<b>Cash paid during the period for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>

**Supplemental disclosure with respect to cash flows (Note 11)**

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

## **ENDURO METALS CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars – Unaudited)  
For the Six Months Ended March 31, 2021

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

Enduro Metals Corporation (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on July 20, 2009 and is publicly listed and traded on the TSX Venture Exchange (“TSX-V”) under the symbol ENDR and on the OTC Markets Group Inc under the ticker symbol “ENDMF”. The Company is currently engaged in the identification, acquisition and exploration of precious metal resources in Canada. The Company’s head office and principal place of business is suite 202 - 1632 Dickson Avenue, Kelowna, BC, V1Y 7T2, Canada.

On June 25, 2019, the Company entered into an arrangement agreement with its former wholly-owned subsidiary, Sassy Resources Corp. (“Sassy”). The Company transferred its Northwest Ontario nickel exploration assets to Sassy, and its LOI, to acquire the Foremore claims, by way of a Plan of Arrangement pursuant to the Business Corporations Act of British Columbia.

These condensed interim consolidated financial statements have been prepared in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were primarily funded by the issuance of capital stock and proceeds from loans payable.

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 financings or generate profitable operations in the future. These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue its business.

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

#### **Statement of compliance**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These condensed interim consolidated financial statements do not contain all of the information required for full annual financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s September 30, 2020, annual audited consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

These unaudited condensed interim consolidated financial statements are expressed in Canadian dollars and have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting on a going concern basis. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements as if the policies have always been in effect.

## **ENDURO METALS CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars – Unaudited)  
For the Six Months Ended March 31, 2021

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### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Basis of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned dormant Mexican subsidiary Minera Sierra Gioc SA and its wholly owned United States subsidiary Sierra Iron Ore USA. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant inter-company transactions and balances have been eliminated upon consolidation.

On October 4, 2019, the Company's effective interest in Sassy was diluted to 0.00013% and was further diluted on November 20, 2019 to 0.00011%. As a result, on October 4, 2019, the Company deconsolidated its interest in Sassy.

During the period ended March 31, 2021, the Company dissolved Sierra Iron Ore USA due to inactivity which resulted in a gain of \$80,684.

#### **Significant Accounting Judgments and Estimates**

The Company's management makes judgments in its process of applying the Company's accounting policies to the preparation of its unaudited condensed consolidated interim financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of the impact on the carrying amounts of the Company's assets and liabilities at the end of the reporting period from uncertain future events and on the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impact on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The critical judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements for the six months ended March 31, 2021, are consistent with those applied and disclosed in Note 2 of the Company's audited consolidated financial statements for the year ended September 30, 2020.

#### **Property and Equipment**

Property and equipment consist of equipment used for exploration and evaluation activities and computer equipment and are recorded at historical cost less accumulated depreciation and any accumulated impairment losses. Non-capital costs include expenditures that are directly attributable to bringing the asset to a location and condition necessary to operate in a manner intended by management. Equipment is depreciated using the declining balance method over their estimated useful lives. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (or components) of plant and equipment.

Property and equipment are depreciated using the following annual rates and methods:

Equipment	30% declining balance
Computer equipment	20% declining balance

**ENDURO METALS CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Six Months Ended March 31, 2021

**3. PROPERTY AND EQUIPMENT**

	Computer Equipment	Exploration Equipment	Total
<b>Cost:</b>			
Balance, beginning of year	\$ -	\$ -	\$ -
Additions	4,552	61,000	65,552
Balance, end of period	4,552	61,000	65,552
<b>Accumulated depreciation:</b>			
Balance, beginning of year	-	-	-
Additions	228	4,575	4,803
Balance, end of period	228	4,575	4,803
<b>Net Book Value</b>	<b>\$ 4,324</b>	<b>\$ 56,425</b>	<b>\$ 60,749</b>

**4. EXPLORATION AND EVALUATION ASSETS**

Period Ended March 31, 2021	Newmont Lake British Columbia, Canada	Tom Cat Claims, British Columbia, Canada	Total
<b>Acquisition Costs:</b>			
Balance, beginning of period	\$ 2,135,000	\$ 61,036	\$ 2,196,036
Cash payment	30,000	-	30,000
Shares issued	800,000	-	800,000
Balance, end of period	2,965,000	61,036	3,026,036
<b>Deferred Exploration Costs:</b>			
Balance, beginning of period	13,158,145	133,470	13,291,615
Assay	345,774	-	345,774
Geological consulting and related services	98,643	-	98,643
Drilling, exploration and camp costs	608,588	-	608,588
Supplies	31,548	-	31,548
Travel	15,863	-	15,863
Balance, end of period	14,258,561	133,470	14,392,031
<b>Total</b>	<b>\$ 17,223,561</b>	<b>\$ 194,506</b>	<b>\$17,418,067</b>

**ENDURO METALS CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements  
 (Expressed in Canadian Dollars – Unaudited)  
 For the Six Months Ended March 31, 2021

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

<b>Year Ended September 30, 2020</b>	<b>Newmont Lake British Columbia, Canada</b>	<b>Tom Cat Claims, British Columbia, Canada</b>	<b>EL1and EL5 Property, Ontario Canada</b>	<b>Foremore Claims, British Columbia, Canada</b>	<b>Total</b>
<b>Acquisition Costs:</b>					
Balance, beginning of year	\$ 2,110,000	\$ 61,036	\$ -	\$ -	\$ 2,171,036
Cash payment	25,000	-	-	30,000	55,000
Write-off	-	-	-	(30,000)	(30,000)
<b>Balance, end of year</b>	<b>2,135,000</b>	<b>61,036</b>	<b>-</b>	<b>-</b>	<b>2,196,036</b>
<b>Deferred Exploration Costs:</b>					
Balance, beginning of year	8,765,460	133,448	-	-	8,898,908
Assay	218,278	-	-	12,732	231,010
Geological consulting and related services	365,769	22	4,766	14,654	385,211
Drilling, exploration and camp costs	2,680,072	-	9,000	70,867	2,759,939
Supplies	359,528	-	1,182	-	360,710
Travel	769,038	-	-	-	769,038
Write-off	-	-	(14,948)	(98,253)	(113,201)
<b>Balance, end of year</b>	<b>13,158,145</b>	<b>133,470</b>	<b>-</b>	<b>-</b>	<b>13,291,615</b>
<b>Total</b>	<b>\$ 15,293,145</b>	<b>\$ 194,506</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$15,487,651</b>

Newmont Lake Claims, British Columbia

In September 2018, the Company entered into a letter agreement for an option to acquire a 100% interest in the Newmont Lake mineral property from Romios Gold Resources Inc. ("Romios"). Pursuant to the agreement, in order to complete the acquisition, the Company is required to:

**Completed:**

- pay \$250,000 immediately upon signing.
- pay \$250,000 at 90 days following the regulatory approval.
- pay \$250,000 at 180 days following the regulatory approval.
- pay \$250,000 at 270 days following the regulatory approval.
- issue 4,000,000 shares upon the regulatory approval.
- issue 4,000,000 shares on November 29<sup>th</sup>, 2020.
- incur approximately \$3,000,000 of exploration expenditures by February 22<sup>nd</sup>, 2020.
- incur approximately \$2,500,000 of exploration expenditures by February 22<sup>nd</sup>, 2021.
- incur approximately \$2,500,000 of exploration expenditures by February 22<sup>nd</sup>, 2022.
- incur an underlying annual payment of \$30,000.

## ENDURO METALS CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars – Unaudited)  
For the Six Months Ended March 31, 2021

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

#### Outstanding:

- pay \$1,000,000 concurrently with the Company vesting 100% interest in the Romios Claims by February 22<sup>nd</sup>, 2022.
- issue 4,000,000 shares on November 29<sup>th</sup>, 2021.

The claims are subject to a 2% NSR held by Romios. Up to 1% of the Net Smelter Royalty (“NSR”) can be bought back by the Company in increments of 0.5% for \$2,000,000 per 0.5% (gross total \$4,000,000 for 1%) at any time by the Company upon 100% earn-in of the Romios Claims. The Company will issue 2,000,000 shares to Romios in the event a NI 43-101 compliant resource estimate which exceeds 1,000,000 ounces of gold equivalent resources (being the sum of indicated and inferred) is confirmed/executed. An additional 1,000,000 shares of the Company will be issued to Romios for each additional 1,000,000 ounces of gold equivalent resources (being the sum of indicated and inferred).

As of March 31, 2021, the Company had \$200,000 (2020 - \$187,000) as a deposit with the Ministry of Energy & Mines.

#### Tom Cat Claims, British Columbia

The Company owns a 100% interest in certain mining claims, known as the Tom Cat Claims, located in the Nicola Mining District, British Columbia. The claims are subject to a 2% Net Smelter Royalty (“NSR”), of which an additional 1% may be purchased for \$2,000,000 for five years from the start of commercial production.

### 5. MARKETABLE SECURITIES

During the year ended September 30, 2018, the Company paid \$175,000 to acquire 2,187,500 units of Romios. The acquisition of the units was completed on October 2, 2018. Each unit was comprised of one common share of Romios and one warrant to acquire an additional 1,093,750 common shares of Romios exercisable at \$0.12 expiring on October 2, 2019. The shares were sold during the year ended September 30, 2019 for \$90,000, resulting in a realized loss of \$85,000. The warrants expired unexercised during the year ended September 30, 2020.

## ENDURO METALS CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars – Unaudited)  
For the Six Months Ended March 31, 2021

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### 6. SHARE CAPITAL AND EQUITY RESERVES

During the period ended March 31, 2021, the Company:

- i) issued 3,164,893 common shares pursuant to the exercise of warrants for the gross proceeds of \$590,119.
- ii) issued 4,000,000 common shares valued at \$800,000 pursuant to the acquisition of the Newmont Lake Property (Note 4).
- iii) cancelled 400,000 common shares which were issued in error.
- iv) returned 1,420,000 common shares to treasury pursuant to a settlement agreement.

During the year ended September 30, 2020, the Company:

- i) closed a non-brokered private placement and issued 15,513,250 units at \$0.10 per unit for gross proceeds of \$1,551,325. Each unit consisted of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.15 on or before November 19, 2024. The Company issued 290,800 finder's warrants (valued at \$11,801). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.15 on or before November 19, 2021. The Company paid share issuance costs of \$21,080.
- ii) issued 2,557,693 flow-through units at \$0.13 per unit for gross proceeds of \$332,500. Each unit consisted of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.20 on or before November 14, 2021. The Company issued 196,615 finder's warrants (valued at \$4,046). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.20 on or before May 19, 2021. The Company paid share issuance costs of \$25,560. A value of \$76,731 was attributed to the flow-through premium liability in connection with the financing. During the year ended September 30, 2020, the Company expended the remaining flow-through proceeds and recorded \$76,731 as reversal of flow-through premium.
- iii) closed an additional tranche of the non-brokered private placement and issued 15,477,000 units at \$0.10 per unit for gross proceeds of \$1,547,700. Each unit consisted of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.15 on or before December 20, 2024. The Company paid finder's fees of \$25,360 and issued 253,600 finder's warrants (valued at \$11,812). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.15 on or before December 20, 2021.

The Company also issued 1,562,000 flow-through units at \$0.13 per unit for gross proceeds of \$203,060. Each unit consisted of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.20 on or before December 19, 2021. The Company paid finder's fees of \$10,005 and issued 76,960 finder's warrants (valued at \$1,929). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.20 on or before June 19, 2021. A value of \$31,240 was attributed to the flow-through premium liability in connection with the financing. During the year ended September 30, 2020, the Company expended the remaining flow-through proceeds and recorded \$31,240 as reversal of flow-through premium.

## ENDURO METALS CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars – Unaudited)  
For the Six Months Ended March 31, 2021

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### 6. SHARE CAPITAL AND EQUITY RESERVES (continued)

The Company also issued 153,923 flow-through units at \$0.13 per unit for gross proceeds of \$20,010. Each unit consisted of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.20 on or before December 20, 2021. The Company issued 12,314 finder's warrants (valued at \$308). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.20 on or before June 20, 2021. The Company paid share issuance costs of \$1,600. A value of \$3,078 was attributed to the flow-through premium liability in connection with the financing. During the year ended September 30, 2020, the Company expended the remaining flow-through proceeds and recorded \$3,078 as reversal of flow-through premium.

- iv) closed the final tranche of the non-brokered private placement and issued 1,680,000 units at \$0.10 per unit for gross proceeds of \$168,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.15 on or before December 31, 2021. The Company paid finder's fees of \$8,800 and issued 88,000 finder's warrants (valued at \$4,469). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.15 on or before December 31, 2021.

The Company also issued 357,000 flow-through units at \$0.13 per unit for gross proceeds of \$46,410. Each unit consisted of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.20 on or before December 31, 2021. The Company paid finder's fees of \$3,713 and issued 28,560 finder's warrants (valued at \$860). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.20 on or before June 30, 2021. A value of \$3,570 was attributed to the flow-through premium liability in connection with the financing. During the year ended September 30, 2020, the Company expended the remaining flow-through proceeds and recorded \$3,570 as reversal of flow-through premium.

- v) issued 6,294,050 common shares pursuant to exercise of warrants for gross proceeds of \$963,918. The Company transferred \$11,062 to share capital from reserves.
- vi) closed a non-brokered private placement and issued 40,390,000 units at \$0.25 per unit for gross proceeds of \$10,076,170 of which \$21,330 remains receivable. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.38 on or before February 17, 2022. The Company paid finder's fees of \$322,843 and granted 844,851 finder's warrants (valued at \$131,666). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.38 on or before February 17, 2022.

The Company also issued 3,270,893 flow-through shares at \$0.33 per unit for gross proceeds of \$1,079,395. The Company granted 241,849 finder's warrants (valued at \$34,887). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.50 on or before February 17, 2022. A value of \$264,871 was attributed to the flow-through premium liability in connection with the financing. During the year ended September 30, 2020, the Company expended the remaining flow-through proceeds and recorded \$264,871 as reversal of flow-through premium.

- vii) issued 400,000 common shares in error which were returned to treasury subsequent to September 30, 2020.

**ENDURO METALS CORPORATION**

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**6. SHARE CAPITAL AND EQUITY RESERVES (continued)****Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

A summary of changes in options is as follows:

	Number of options	Weighted average exercise price
Outstanding September 30, 2019	9,595,000	\$ 0.30
Granted	8,900,000	0.13
Exercised	(8,875,000)	0.30
<b>Outstanding September 30, 2020 and March 31, 2021</b>	<b>9,620,000</b>	<b>\$ 0.14</b>

The following stock options were outstanding at March 31, 2021:

Expiry Date	Exercise Price	Number of Options	Number of Options Exercisable
April 1, 2021*	\$ 0.30	250,000	250,000
June 24, 2024	\$ 0.35	470,000	470,000
June 17, 2025	\$ 0.12	7,900,000	3,950,000
June 30, 2025	\$ 0.22	1,000,000	500,000
		<b>9,620,000</b>	<b>5,170,000</b>

\*subsequently expired

**Share-based compensation**

During the period ended March 31, 2021, the Company recognized \$206,583 (2020 - \$Nil) on options previously granted and vested throughout the period. The weighted average fair value of each stock option granted during the period was \$Nil (September 30, 2020 - \$0.096), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended March 31, 2021	Year ended September 30, 2020
Volatility	-	125.97%
Risk-free interest rate	-	0.37%
Dividend yield	-	0.00%
Expected life	-	5.00 years
Expected forfeiture rate	-	0.00%

**ENDURO METALS CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

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For the Six Months Ended March 31, 2021

**6. SHARE CAPITAL AND EQUITY RESERVES (continued)****Warrants**

The following warrants were outstanding at March 31, 2021:

Number of Warrants	Exercise Price	Expiry Date
525,000*	\$ 0.35	April 1, 2021
186,415*	\$ 0.20	May 19, 2021
73,960	\$ 0.20	June 19, 2021
12,314	\$ 0.20	June 20, 2021
20,560	\$ 0.20	June 30, 2021
1,432,917	\$ 0.50	August 2, 2021
337,500	\$ 0.60	August 2, 2021
2,396,667	\$ 0.35	September 12, 2021
136,040	\$ 0.35	September 24, 2021
100,000	\$ 0.45	September 24, 2021
150,000	\$ 0.20	November 19, 2021
182,400	\$ 0.15	November 19, 2021
1,287,000	\$ 0.20	December 19, 2021
118,400	\$ 0.15	December 19, 2021
153,923	\$ 0.20	December 20, 2021
357,000	\$ 0.20	December 31, 2021
1,722,800	\$ 0.15	December 31, 2021
40,390,000	\$ 0.38	February 17, 2022
844,851	\$ 0.38	February 17, 2022
241,849	\$ 0.50	February 17, 2022
10,277,000	\$ 0.15	November 19, 2024
12,647,000	\$ 0.15	December 19, 2024
73,593,596		

\* subsequently expired

**ENDURO METALS CORPORATION**

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**6. SHARE CAPITAL AND EQUITY RESERVES (continued)****Warrants (continued)**

A summary of changes in warrants is as follows:

	Number of warrants		Weighted average exercise price
Outstanding September 30, 2019	26,676,166	\$	0.40
Granted	79,724,415		0.27
Exercised	(6,294,050)		0.15
Expired	<u>(4,284,385)</u>		0.58
Outstanding September 30, 2020	95,822,146		0.30
Exercised	(3,164,893)		0.19
Cancelled/Expired	<u>(19,063,657)*</u>		0.33
Outstanding March 31, 2021	<u>73,593,596</u>	\$	0.30

\*1,600,000 warrants were cancelled pursuant to a settlement agreement.

The weighted average fair value of each finder's warrant granted during the period was \$Nil (September 30, 2020 - \$0.10), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended March 31, 2021	Year ended September 30, 2020
Volatility	-	110.29%
Risk-free interest rate	-	0.90%
Dividend yield	-	0.00%
Expected life	-	1.66 years
Expected forfeiture rate	-	0.00%

**7. RELATED PARTY TRANSACTIONS AND BALANCES**

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

**(a) Key management personnel**

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 and companies controlled by them.

## ENDURO METALS CORPORATION

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### 7. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Key management personnel (continued)

The remuneration of directors and other members of key management personnel during the period ended March 31, 2021 and 2020 were as follows:

	2021	2020
Consulting Fees	\$ 255,500	\$ 172,298
Share-based payments	163,743	114,899
	<u>\$ 419,243</u>	<u>\$ 287,197</u>

- (b) In the normal course of operations, the Company transacts with companies related to the Company's directors or officers. All amounts payable and receivable are non-interest bearing, unsecured and due on demand. Included in due from related parties as at March 31, 2021 is \$Nil (September 30, 2020 - \$388,580) due to directors, former directors, companies controlled by directors and a company with common directors. Included in due from related parties as at March 31, 2021 is \$120,057 (September 30, 2020 - \$Nil) due from a former director and a company controlled by common directors and officers.

During the year ended September 30, 2020, the Company wrote off the related party's receivable from a company with common directors of \$17,308 due to uncertainty in collection. As at March 31, 2021 \$Nil (September 30, 2020 - \$Nil) is due to a company with common directors.

### 8. LOAN PAYABLE

During the year period ended March 31, 2021, the Company received an additional \$20,000 loan from the Canada Emergency Business Account to provide emergency support to businesses due to the impact of COVID-19. The total loan of \$60,000 is non-interest bearing until December 31, 2022, after which it will incur interest at 5% per annum. If the principal of \$60,000 is fully repaid on or before December 31, 2022, the remaining \$20,000 will be forgiven.

### 9. CAPITAL MANAGEMENT

The Company's primary objectives in capital management is to safeguard the Company's ability to continue as a going concern in order to provide a return for shareholders and to maintain sufficient funds to finance its exploration and evaluation interests. Capital is comprised of the Company's shareholders' equity. As at March 31, 2021, the Company's shareholders' equity was \$21,655,875 (September 30, 2020 - \$20,989,026).

The Company manages its capital structure to maximize its financial flexibility by making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities.

The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended March 31, 2021.

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### 10. FINANCIAL RISK FACTORS

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

The carrying value of the Company's receivables, accounts payable and accrued liabilities, due to related parties, and loans payable approximate their fair value because of the short-term nature of these instruments. Cash is carried at a fair value using a level 1 fair value measurement. Loans payable are accounted for using the effective interest rate method.

#### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's management believes it has no significant credit risk.

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At March 31, 2021, the Company had a cash balance of \$3,850,330 (September 30, 2020 - \$6,494,870) to settle current liabilities of \$375,375 (September 30, 2020 - \$1,862,782). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company expects to fund these liabilities through the use of existing cash resources and additional equity financing.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### a) Interest rate risk

The Company has cash balances held with financial institutions. The Company is satisfied with the credit rating of its bank.

##### b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency. As at March 31, 2021, the Company had minimal cash amounts in foreign currencies and considers foreign currency risk insignificant.

##### c) Price risk

The Company's net income or loss, and ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in mineral prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## ENDURO METALS CORPORATION

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### 11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended March 31, 2021, include the Company:

- i) had an accounts payable balance of \$143,282 related to exploration and evaluation asset expenditures.
- ii) issued 4,000,000 common shares at a value of \$800,000 in connection with the acquisition of exploration and evaluation asset.

Significant non-cash transactions during the year ended September 30, 2020 include the Company:

- i) issued 2,033,549 finders' warrants at a value of \$201,778 pursuant to private placements.
- ii) attributed \$379,490 to the flow-through premium liability in connection with the financing.
- iii) transferred \$11,062 from share-based payment reserve to share capital upon exercise of warrants.
- iv) recorded \$58,091 pursuant to recognition of right-of-use assets.
- v) had an accounts payable balance of \$1,186,725 related to exploration and evaluation asset expenditures.

### 12. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of exploration and evaluation assets in Canada. The Company's equipment and exploration and evaluation assets at March 31, 2021 were \$17,418,067 (September 30, 2020 - \$15,487,651).

### 13. SUBSIDIARIES

Significant subsidiaries of the Company are as follows:

	Country of Incorporation	Principal Activity	Effective interest at March 31, 2021	Effective interest at September 30, 2020
Minera Sierra Gioc SA	Mexico	Holding company	100%	100%
Sierra Iron Ore USA	United States	Holding company	-	100%

On October 4, 2019, the Company's effective interest in Sassy was diluted to 0.00013% and was further diluted on November 20, 2019 to 0.00011%.

During the period ended March 31, 2021, the Company dissolved Sierra Iron Ore USA due to inactivity which resulted in a gain of \$80,684.

### 14. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company received notification from Canada Revenue Agency that it will receive approximately \$1.5 million (before interest) relating to its 2019 Mining Exploration Tax Credit ("METC"). The Company has accepted this proposal.