



ENDURO METALS CORPORATION

Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 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 June 30, 2021, and for the periods ended June 30, 2021 and 2020, have not been audited or reviewed by the Company's independent auditors.

"Cole Evans"

Cole Evans
President & CEO
August 30, 2021

"Malcolm Davidson"

Malcolm Davidson, CPA, CA
Chief Financial Officer
August 30, 2021

ENDURO METALS CORPORATION

Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	Note	June 30, 2021 (Unaudited)	September 30, 2020
ASSETS			
Current assets			
Cash		\$ 2,834,775	\$ 6,494,870
Taxes receivable		98,120	144,616
Prepaid expenses and deposits		644,733	564,671
Due from related parties	7b	120,057	-
Total current assets		3,697,685	7,204,157
Exploration and evaluation assets	4	18,148,952	15,487,651
Property and equipment	3	58,348	
Deposit	4	200,000	200,000
		\$ 22,104,985	\$ 22,891,808
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 701,945	\$ 1,474,202
Due to related parties	7	-	388,580
Total current liabilities		701,945	1,862,782
Loan payable	8	60,000	40,000
Total Liabilities		761,945	1,902,782
Equity			
Share capital	6	48,756,887	47,349,515
Share subscriptions receivable	6	(13,595)	(21,330)
Equity reserves	6	4,777,595	4,462,037
Accumulated deficit		(32,177,847)	(30,801,196)
Total Equity		21,343,040	20,989,026
Total liabilities and equity		\$ 22,104,985	\$ 22,891,808

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

Approved by the Board of Directors on August 30, 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)

		Three Months Ended June 30,		Nine Months Ended June 30,	
	Note	2021	2020	2021	2020
EXPENSES					
Amortization	3	\$ 2,401	\$ 895	\$ 7,204	\$ 4,038
Management and consulting fees		132,000	83,175	551,219	795,757
General, rent and administrative (recovery)		12,006	(2,116)	37,222	64,776
Interest on mortgage payable	5	-	7,405	-	22,214
Gain on disposal of share ownership of Sassy		-	-	-	(148,665)
Gain on dissolution of subsidiary	2	-	-	(80,684)	-
Corporate communication		142,172	-	448,840	158,230
Office and miscellaneous		17,182	19,018	47,775	180,664
Professional fees		11,769	40,448	132,849	207,110
Regulatory and compliance fees		3,552	6,397	89,220	18,804
Other income on reversal of flow-through premium	6	-	(1,600)	-	(119,105)
Other income		-	-	(179,568)	-
Salary		-	386	-	1,726
Share-based compensation	6	116,644	828,603	323,228	828,603
Travel (recovery)		1,337	45,316	(654)	29,786
Write-off of accounts payable		-	-	-	(1,500)
Write-off of equipment		-	-	-	14,690
Write-off of receivables	7	-	-	-	17,309
Write-off of exploration and evaluation assets		-	-	-	143,201
Loss and comprehensive loss for the period		\$ (439,063)	\$ (1,027,927)	\$ (1,376,651)	\$ (2,217,638)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted		213,088,480	149,907,933	205,555,886	140,861,806

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 Nine Months Ended June 30

	Number of shares	Share capital	Share subscriptions receivable	Equity reserves	Accumulated deficit	Total equity
Balance, September 30, 2019	112,507,067	\$ 34,825,664	\$ (14,000)	\$ 3,740,307	\$ (28,732,497)	\$ 9,819,474
Private placements	37,300,866	3,869,005	14,000	-	-	3,883,005
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)
Share-based compensation	-	-	-	828,603	-	828,603
Loss for the period	-	-	-	-	(2,217,638)	(2,217,638)
Balance June 30, 2020	149,907,933	35,963,707	-	4,604,135	(30,950,135)	9,617,707
Balance September 30, 2020	200,162,876	47,349,515	(21,330)	4,462,037	(30,801,196)	20,989,026
Exercise of warrants	3,213,010	607,372	7,735	(7,670)	-	607,437
Exploration and evaluation assets	4,000,000	800,000	-	-	-	800,000
Share-based payments	-	-	-	323,228	-	323,228
Returned to treasury	(1,820,000)	-	-	-	-	-
Loss for the period	-	-	-	-	(1,376,651)	(1,376,651)
June 30, 2021	205,555,886	\$ 48,756,887	\$ (13,595)	\$ 4,777,595	\$ (32,177,847)	\$ 21,343,040

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 Nine Months Ended June 30

	2021	2020
Cash generated by (used in):		
OPERATING ACTIVITIES		
Loss for the period	\$ (1,376,651)	\$ (2,217,638)
Item not affecting cash:		
Amortization	7,204	4,038
Interest on mortgage payable	-	22,214
Gain on dissolution of subsidiary	(80,684)	-
Gain on dilution of share ownership of Sassy	-	(148,665)
Share-based compensation	-	828,603
Share-based payments	323,228	-
Other income on reversal of flow-through premium	-	(119,105)
Write-off of accounts payable	-	(1,500)
Write-off of exploration and evaluation assets	-	143,201
Write-off of receivable	-	17,309
Write-off of equipment	-	14,690
Changes in non-cash working capital items:		
Decrease in receivables	46,496	275,333
Increase in prepaids	(80,062)	36,551
Increase in accounts payable and accrued liabilities	358,427	(966,963)
Increase in due from related parties	(515,194)	70,628
Net cash used in operating activities	(1,317,236)	(2,041,304)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	3,883,005
Proceeds from the exercise of warrants	599,702	15,000
Subscriptions receivable	7,735	-
Loan proceeds	20,000	40,000
Share issuance costs	-	(96,118)
Repayment on mortgage liability	-	(4,937)
Net cash provided by financing activities	627,437	3,836,950
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(2,904,744)	(1,841,530)
Additions to property and equipment	(65,552)	-
Equipment	-	(2,780)
Deposit	-	13,000
Net cash used in investing activities	(2,970,296)	(1,831,310)
Change in cash for the period	(3,660,095)	(35,664)
Cash, beginning of period	6,494,870	135,986
Cash, end of period	\$ 2,834,775	\$ 100,322
Cash paid during the period for interest	\$ 5,165	\$ 4,937
Cash paid during the period for income taxes	\$ -	\$ -

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 Nine Months Ended June 30, 2021

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 Nine Months Ended June 30, 2021

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 June 30, 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 nine months ended June 30, 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 Nine Months Ended June 30, 2021

3. PROPERTY AND EQUIPMENT

	Computer Equipment	Exploration Equipment	Total
Cost:			
Balance, beginning of year	\$ -	\$ -	\$ -
Additions	4,552	61,000	65,552
Balance, end of period	4,552	61,000	65,552
Accumulated depreciation:			
Balance, beginning of year	-	-	-
Additions	341	6,863	7,204
Balance, end of period	341	6,863	7,204
Net Book Value	\$ 4,211	\$ 54,137	\$ 58,348

4. EXPLORATION AND EVALUATION ASSETS

Period Ended June 30, 2021	Newmont Lake British Columbia, Canada	Tom Cat Claims, British Columbia, Canada	Total
Acquisition Costs:			
Balance, beginning of period	\$ 2,135,000	\$ 61,036	\$ 2,196,036
Cash payment	30,000	-	30,000
Shares issued	800,000	-	800,000
Other	2,535	-	2,535
Balance, end of period	2,967,535	61,036	3,028,571
Deferred Exploration Costs:			
Balance, beginning of period	13,158,145	133,470	13,291,615
Assay	401,835	-	401,835
Geological consulting and related services	203,244	-	203,244
Drilling, exploration and camp costs	1,132,234	-	1,132,234
Supplies	53,103	-	53,103
Travel	38,350	-	38,350
Balance, end of period	14,986,911	133,470	15,120,381
Total	\$ 17,954,446	\$ 194,506	\$ 18,148,952

ENDURO METALS CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars – Unaudited)
For the Nine Months Ended June 30, 2021

4. EXPLORATION AND EVALUATION ASSETS (continued)

Year Ended September 30, 2020	Newmont Lake British Columbia, Canada	Tom Cat Claims, British Columbia, Canada	EL1and EL5 Property, Ontario Canada	Foremore Claims, British Columbia, Canada	Total
Acquisition Costs:					
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)
Balance, end of year	2,135,000	61,036	-	-	2,196,036
Deferred Exploration Costs:					
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)
Balance, end of year	13,158,145	133,470	-	-	13,291,615
Total	\$ 15,293,145	\$ 194,506	\$ -	\$ -	\$15,487,651

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 29th, 2020.
- incur approximately \$3,000,000 of exploration expenditures by February 22nd, 2020.
- incur approximately \$2,500,000 of exploration expenditures by February 22nd, 2021.
- incur approximately \$2,500,000 of exploration expenditures by February 22nd, 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 Nine Months Ended June 30, 2021

4. EXPLORATION AND EVALUATION ASSETS (continued)

Outstanding:

- pay \$1,000,000 concurrently with the Company vesting 100% interest in the Romios Claims by February 22nd, 2022.
- issue 4,000,000 shares on November 29th, 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 June 30, 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 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 Nine Months Ended June 30, 2021

6. SHARE CAPITAL AND EQUITY RESERVES

During the period ended June 30, 2021, the Company:

- i) issued 3,164,893 common shares pursuant to the exercise of warrants for the gross proceeds of \$599,702
- 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 Nine Months Ended June 30, 2021

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

Notes to the Condensed Interim Consolidated Financial Statements
 (Expressed in Canadian Dollars – Unaudited)
 For the Nine Months Ended June 30, 2021

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
Outstanding September 30, 2020	9,620,000	\$ 0.14
Granted	688,000	0.35
Expired	(250,000)	0.30
Outstanding June 30, 2021	10,058,000	0.15

The following stock options were outstanding at June 30, 2021:

Expiry Date	Exercise Price	Number of Options	Number of Options Exercisable
June 24, 2024	\$ 0.35	470,000	470,000
June 17, 2025	\$ 0.12	7,900,000	7,900,000
June 30, 2025	\$ 0.22	1,000,000	1,000,000
June 1, 2023	\$ 0.23	150,000	37,500
February 17, 2022	\$ 0.38	538,000	538,000
		9,620,000	5,495,500

Share-based compensation

During the period ended June 30, 2021, the Company recognized \$323,227 (2020 - \$828,603) on options previously granted and vested throughout the period. The weighted average fair value of each stock option granted during the period was \$0.35 (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 June 30, 2021	Year ended September 30, 2020
Volatility	92.66%	125.97%
Risk-free interest rate	0.31%	0.37%
Dividend yield	0.00%	0.00%
Expected life	1.00 years	5.00 years
Expected forfeiture rate	0.00%	0.00%

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

The following warrants were outstanding at June 30, 2021:

Number of Warrants	Exercise Price	Expiry Date
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
117,600	\$ 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
72,774,547		

* subsequently expired

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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	(3,213,010)	0.19
Cancelled/Expired	<u>(19,834,589)*</u>	0.33
Outstanding June 30, 2021	<u>72,774,547</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 June 30, 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.

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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 June 30, 2021 and 2020 were as follows:

	2021	2020
Consulting Fees	\$ 418,533	\$ 256,117
Share-based payments	91,006	114,899
	<u>\$ 509,539</u>	<u>\$ 371,016</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 June 30, 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 June 30, 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 June 30, 2021 \$Nil (September 30, 2020 - \$Nil) is due to a company with common directors.

8. LOAN PAYABLE

During the year period ended June 30, 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 \$40,000 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 June 30, 2021, the Company's shareholders' equity was \$21,343,040 (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 June 30, 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 June 30, 2021, the Company had a cash balance of \$2,834,775 (September 30, 2020 - \$6,494,870) to settle current liabilities of \$701,945 (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 June 30, 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 June 30, 2021, include the Company:

- i) had an accounts payable balance of \$48,823 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 June 30, 2021 were \$18,148,952 (September 30, 2020 - \$15,487,651).

13. SUBSIDIARIES

Significant subsidiaries of the Company are as follows:

	Country of Incorporation	Principal Activity	Effective interest at June 30, 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 June 30, 2021, the Company dissolved Sierra Iron Ore USA due to inactivity which resulted in a gain of \$80,684.

14. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Company received its tax refund for the British Columbia Mining Tax Credit of \$1,527,068, inclusive of approximately \$29,000 of interest.