ENDURO METALS CORPORATION

Consolidated Financial Statements

For the years ended September 30, 2021 and 2020

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Enduro Metals Corporation:

We have audited the consolidated financial statements of Enduro Metals Corporation (the "Company") which comprise the consolidated statements of financial position as at September 30, 2021 and 2020, and the consolidated statements of operations and comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended September 30, 2020, which is presented for comparative purposes, were audited by another auditor who expressed an unmodified opinion on those financial statements on January 28, 2021.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
January 28, 2022

ENDURO METALS CORPORATION
Consolidated Statements of Financial Position
Expressed in Canadian Dollars
As at September 30,

	Note	2021	2020
ASSETS			
Current assets			
Cash		$ 1,737,224	$ 6,494,870
Taxes receivable		243,532	144,616
Prepaid expenses and deposits		61,954	564,671
Total current assets		2,042,710	7,204,157
Exploration and evaluation assets	**4**	20,092,444	15,487,651
Property and equipment	**3**	159,977	-
Deposit	**4**	200,000	200,000
Total Assets		$ 22,495,131	$ 22,891,808
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,342,985	$ 1,474,202
Due to related parties	**8b**	79,989	388,580
Total current liabilities		1,422,974	1,862,782
Loan payable	**9**	60,000	40,000
Total Liabilities		1,482,974	1,902,782
Equity			
Share capital	**7**	48,765,792	47,349,515
Share subscriptions receivable	**7**	-	(21,330)
Equity reserves	**7**	4,788,651	4,462,037
Accumulated deficit		(32,542,286)	(30,801,196)
Total Equity		21,012,157	20,989,026
Total Liabilities and Equity		$ 22,495,131	$ 22,891,808

Nature and continuance of operations (Note 1)
Subsequent events (Note 17)

Approved by the Board of Directors on January 28, 2022:

"Susanne Hermans" Director *"Cole Evans"* Director

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

ENDURO METALS CORPORATION
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the Years Ended September 30,

	Note	2021	2020
EXPENSES			
Amortization	3	$ 9,605	$ 18,257
Management and consulting fees	8	646,931	563,148
General, rent and administrative		49,228	91,721
Interest expenses		-	16,169
Interest on mortgage payable	6	-	24,682
Interest on right of use assets		-	5,942
Corporate communications		575,221	520,771
Office and miscellaneous		34,135	175,399
Professional fees		171,320	344,622
Regulatory and compliance fees		100,585	102,746
Salary and wages		-	1,793
Share-based payments	8	334,283	531,014
Travel (recovery)		(654)	259,578
Loss before other items		(1,920,654)	(2,655,842)
Other items			
Other income	8	179,564	-
Loss on disposal of share ownership of Sassy	16	-	(128,816)
Write-off of accounts payable		-	305,625
Write-off of land, building, and equipment	3	-	(13,162)
Write-off of receivables	8b	-	(17,309)
Gain on sale of land, building, and equipment	6	-	200,030
Write-off of exploration and evaluation assets	4	-	(143,201)
Other income on reversal of flow-through premium	7		383,976
Net loss and comprehensive loss		(1,741,090)	(2,068,699)
Basic and diluted loss per common share		$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		204,837,075	149,290,600

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

ENDURO METALS CORPORATION
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
For the Years Ended September 30,

	Number of shares	Share capital	Share subscriptions receivable	Equity reserves	Accumlated 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	80,961,759	15,049,100	(7,330)	-	-	15,041,770
Share issuance costs	-	(418,961)	-	-	-	(418,961)
Exercise of warrants	6,294,050	974,980	-	(11,062)	-	963,918
Warrants issued as finders' fees	-	(201,778)	-	201,778	-	-
Flow-through share premium	-	(379,490)	-	-	-	(379,490)
Plan of arrangement	-	(2,500,000)	-	-	-	(2,500,000)
Shares to be returned	400,000	-	-	-	-	-
Share-based compensation	-	-	-	531,014	-	531,014
Loss for the year	-	-	-	-	(2,068,699)	(2,068,699)
Balance September 30, 2020	200,162,876	47,349,515	(21,330)	4,462,037	(30,801,196)	20,989,026
Exercise of warrants	3,363,010	629,872	7,735	(7,670)	-	629,937
Exploration and evaluation assets	4,000,000	800,000	-	-	-	800,000
Share-based payments	-	-	-	334,284	-	334,284
Write-off of subscription receivable	-	(13,595)	13,595	-	-	-
Returned to treasury	(1,820,000)	-	-	-	-	-
Loss for the year	-	-	-	-	(1,741,090)	(1,741,090)
September 30, 2021	**205,705,886**	**$ 48,765,792**	**$ -**	**$ 4,788,651**	**$ (32,542,286)**	**$ 21,012,157**

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

ENDURO METALS CORPORATION
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the Years Ended September 30,

	2021	2020
Cash generated by (used in):		
OPERATING ACTIVITIES		
Loss for the year	$ (1,741,090)	$ (2,068,699)
Item not affecting cash:		
Amortization (Note 3)	9,605	18,257
Interest on mortgage payable (Note 6)	-	24,682
Interest on right of use assets	-	5,942
Accretion of interest	-	16,169
Gain on sale of land, building, and equipment (Note 6)	-	(200,030)
Loss on disposal of asset/liabilities held for sale (Note 16)	-	128,816
Share-based payments (Note 8)	334,283	531,014
Other income on reversal of flow-through premium (Note 6)	-	(383,976)
Write-off of accounts payable	-	(305,625)
Write-off of exploration and evaluation assets	-	143,201
Write-off of receivable (Note 8)	-	17,309
Write-off of equipment (Note 3)	-	13,162
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(98,915)	185,934
Decrease (increase) in prepaids	502,717	(363,822)
Increase (decrease) in accounts payable and accrued liabilities	905,464	(398,314)
Increase in due from related parties	(389,275)	(225,527)
Net cash used in operating activities	(477,211)	(2,861,507)
FINANCING ACTIVITIES		
Shares issued for cash (Note 7)	-	15,049,505
Proceeds from the exercise of warrants (Note 7)	622,202	956,183
Subscriptions receivable	7,735	-
Loan proceeds (Note 9)	20,000	40,000
Share issuance costs	-	(418,961)
Repayment on mortgage liability	-	(4,937)
Net cash provided by financing activities	649,937	15,621,790
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(4,844,222)	(6,383,201)
Additions to property and equipment (Note 3)	(86,150)	-
Equipment	-	(2,780)
Lease obligation payments	-	(15,418)
Net cash used in investing activities	(4,930,372)	(6,401,399)
Change in cash for the year	(4,757,646)	6,358,884
Cash, beginning of year	6,494,870	135,986
Cash, end of year	$ 1,737,224	$ 6,494,870
Cash paid during the period for interest	$ 5,165	$ 5,942
Cash paid during the period for income taxes	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 12)

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

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 audited 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.

Risks associated with Public Health Crises, including COVID-19

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition, the current COVID-19 pandemic, and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Company's operations, and the operations of suppliers, contractors and service providers, including smelter and refining service providers, and the demand for the Company's production.

The Company may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to COVID-19 and other such events outside of the Company's control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity.

As at the date of the consolidated financial statements, the duration of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. It is unknown whether and how the Company may be affected if the pandemic persists for an extended period of time. In particular, the region in which we operate may not have sufficient public infrastructure to adequately respond or efficiently and quickly recover from such event, which could have a materially adverse effect on the Company's operations.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

The Company's exposure to such public health crises also includes risks to employee health and safety. Should an employee, contractor, community member or visitor become infectedwith a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Consolidation

These audited consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

The policies applied in the consolidated financial statements are presented below as of January 28, 2022, the date the Board of Directors approved the consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of Consolidation

These 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 year ended September 30, 2021, the Company dissolved Sierra Iron Ore USA due to inactivity.

Estimates, judgments and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Judgments

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

Functional currency

The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method.

Exploration and evaluation assets valuation

At each reporting period, the Company reviews its non-current assets to determine whether there are any indications of impairment. Calculating the estimated recoverable amount of the cash generating unit for non-current asset impairment tests requires management to make estimates and assumptions with respect to estimated recoverable reserves, estimated future commodity prices, the expected future operating and capital costs and discount rates. Changes in any of these assumptions or estimates used in determining the recoverable amount could impact the impairment analysis.

Significant Estimates

Share-based payments

Share-based payments is determined using the Black-Scholes option pricing model based on the estimated fair value of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Non-cash transactions

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates, judgments and assumptions (continued)

Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to acquisition and exploration are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition and exploration costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning and restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. As at September 30, 2021 and 2020, the Company had no decommissioning or restoration obligations.

Land, building and equipment

Land, building and equipment is recorded at cost and amortized using the declining balance method at the following rates per annum.

Computer equipment	55% to 100% per annum
Furniture and equipment	20% per annum
Machinery and equipment	30% per annum
Vehicles	30% per annum
Building	4% per annum

Land, building and equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. Current year additions are amortized at half of the normal rate. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of land, building and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant measured using the Black-Scholes option pricing model and charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. If the options expire unexercised, the share-based payments remain in share-based payment reserve.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories. Those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI").

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The classification and measurement bases of the Company's financial instruments are as follows:

	IFRS 9 Classification
Cash	FVTP
Taxes receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Loans payable	Amortized cost

After initial recognition at fair value, financial liabilities are classified and measured at either:

i) amortized cost;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs for all classifications of financial instruments, other than those at FVTPL, that are directly attributable to the acquisition or issuance of a financial asset or financial liability are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the expected credit loss has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables, the Company has no material loss allowance as at September 30, 2021.

The Company is required to disclose the inputs used in fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed by assuming that outstanding options, warrants and similar instruments were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Leases

Under IFRS 16 Leases ("IFRS 16"), the Company assesses whether a contract to rent an item of property and equipment is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset (within property and equipment) and a lease liability at the commencement date.

Pursuant to the IFRS 16 lessee accounting model, the right-of-use asset is initially measured at cost, which includes the initial amount of the liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to remove or dismantle the underlying asset or to restore the underlying asset or site on which the asset is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the rate implicit in the lease or, if the implicit rate cannot be readily determined, the Company's incremental borrowing rate.

The measurement of lease liabilities includes the following types of lease payments:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- Amounts expected to be payable under any residual value guarantees; and
- Exercise price for options that the Company is reasonably certain to exercise for an extension or option to buy, and penalties for early termination of a lease unless the Company is reasonably certain that it will not terminate the lease early. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is remeasured in the following circumstances:

- If there is a change in the future lease payments resulting from a change in index or rate;
- If there is a change in the Company's estimation of the amount expected to be payable under a residual value guarantee; and
- If the Company changes its assessment of whether it will exercise an option to purchase, extend or terminate.

The Company has elected not to recognize right-of-use assets and liabilities for short-term leases that have a term of 12 months or less and for low-value assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirements.

An impairment loss is recognized for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the disposal group is recognized at the date of derecognition.

Non-current assets, including those that are part of a disposal group, are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not expect any material impact from future accounting pronouncements.

(Expressed in Canadian Dollars)

3. PROPERTY AND EQUIPMENT

	Vehicles $	Furniture and Equipment $	Building $	Land $	Computer Equipment $	Exploration Equipment $	Total $
Cost:							
Balance, September 30,2019	15,000	27,819	120,000	145,290	-	-	308,109
Additions	-	2,780	-	-	-	-	2,780
Disposals	-	-	(120,000)	(145,290)	-	-	(265,290)
Write-down	(15,000)	(30,599)	-	-	-	-	(45,599)
Balance, September 30,2020	-	-	-	-	-	-	-
Additions*	-	-	-	-	4,552	165,030	169,582
Balance, September 30, 2021	-	-	-	-	4,552	165,030	169,582
Accumulated depreciation:							
Balance, September 30,2019	8,753	17,397	85,784	-	-	-	111,934
Additions	937	3,822	1,746	-	-	-	6,505
Disposals	-	-	(87,530)	-	-	-	(87,530)
Write-down	(9,690)	(21,219)	-	-	-	-	(30,909)
Balance, September 30,2020	-	-	-	-	-	-	-
Additions	-	-	-	-	455	9,150	9,605
Balance, September 30, 2021	-	-	-	-	455	9,150	9,605
Net Book Value, September 30, 2020	-	-	-	-	-	-	-
Net Book Value, September 30, 2021	**-**	**-**	**-**	**-**	**4,097**	**155,880**	**159,977**

*Additions to exploration equipment for the year include $83,453 that are included in accounts payable at September 31, 2021.

During the year ended September 30, 2020, the Company recognized a loss on write down of $13,162 on vehicles, furniture and equipment.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

Year Ended September 30, 2021	Newmont Lake British Columbia, Canada	Tom Cat Claims, British Columbia, Canada	Total
Acquisition Costs:			
Balance, beginning of year	$ 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 year	2,967,535	61,036	3,028,571
Deferred Exploration Costs:			
Balance, beginning of year	13,158,145	133,470	13,291,615
Assay	435,308	-	435,308
Geological consulting and related services	340,290	-	340,290
Drilling, exploration and camp costs	4,229,376	-	4,229,376
Supplies	195,936	-	195,936
Travel	69,629	-	69,629
BC METC Recovery	(1,498,281)	-	(1,498,281)
Balance, end of year	16,930,403	133,470	17,063,873
Total	**$ 19,897,938**	**$ 194,506**	**$20,092,444**

(Expressed in Canadian Dollars)

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.

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. (Note 17)

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%) for a period of two years 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 September 30, 2021, the Company had $200,000 (2020 - $200,000) as a deposit with the Ministry of Energy & Mines in connection with future camp reclamation at Newmont Lake.

<u>Tom Cat Claims, British Columbia</u>

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 SECURITES

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.

6. MORTGAGE PAYABLE

During the year ended September 30, 2014, the Company financed the acquisition of land and building with a mortgage payable of $260,117. The mortgage was due on August 15, 2015. The mortgage was secured by land and a building in the district of Rainy River, Ontario. During the year ended September 30, 2016, the Company paid $27,150 to reduce the mortgage payable and accrued $29,618 in interest. During the year ended September 30, 2017, the Company paid $22,213 to reduce the mortgage payable and accrued $29,618 in interest. During the year ended September 30, 2018, the Company paid $41,959 to reduce the mortgage payable and accrued $29,618 in interest. During the year ended September 30, 2019, the Company paid $27,150 to reduce the mortgage payable and accrued $29,618 in interest. During the year ended September 30, 2020, the Company paid $4,937 to reduce the mortgage payable and accrued $24,682 in interest. The Company sold the land and building, and transferred all remaining mortgage payable to the buyer, which resulted in a gain of $200,030, including the truck lease on the property.

7. SHARE CAPITAL AND EQUITY RESERVES

During the year ended September 30, 2021, the Company:

i) issued 3,363,010 common shares pursuant to the exercise of warrants for the gross proceeds of $622,202

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.

7. 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.

(Expressed in Canadian Dollars)

7. 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 September 30, 2021	10,058,000		0.15

The following stock options were outstanding at September 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
		10,058,000	5,495,500

Share-based payments

During the year ended September 30, 2021, the Company recognized $334,284 (2020 - $531,014) 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 (2020 - $0.10), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Year ended September 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%

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND EQUITY RESERVES (continued)

Warrants

The following warrants were outstanding at September 30, 2021:

Number of Warrants	Exercise Price	Expiry Date
1,437,000*	$ 0.20	November 19, 2021
300,000*	$ 0.15	November 19, 2021
153,923*	$ 0.20	December 20, 2021
1,722,800*	$ 0.15	December 31, 2021
357,000*	$ 0.20	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
12,497,000	$ 0.15	December 19, 2024
68,221,423		

* subsequently expired or exercised

(Expressed in Canadian Dollars)

7. 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	(4,284,385)		0.58
Outstanding September 30, 2020	95,822,146		0.30
Exercised	(3,363,010)		0.19
Cancelled/Expired	(24,237,713)*		0.35
Outstanding September 30, 2021	68,221,423	$	0.29

*1,600,000 warrants were cancelled pursuant to a settlement agreement (Note 8)

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

	Year ended September 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%

8. 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.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Key management personnel (continued)

The remuneration of directors and other members of key management personnel during the year ended September 30 ,2021 and 2020 were as follows:

	2021	2020
Consulting fees	$ 511,000	$ 30,000
Management fees	-	336,880
Exploration and evaluation expenditures	933,164	1,360,341
Share-based payments	233,300	339,166
	$ 1,677,464	$ 2,066,387

(b) Amounts due to/from related parties

In the normal course of operations, the Company transacts with companies related to the Company's directors and officers. All amounts payable and receivable are non-interest bearing, unsecured and due on demand. The following table summarizes the amounts due to / (from) related parties:

	September 30, 2021	September 30, 2020
HEG & Associates Exploration Services	$ 103,717	$ 430,694
Directors (Current)	-	62,298
Directors (Former)	(23,728)	(104,412)
	$ 79,989	$ 388,580

In December 2020, the Company settled a dispute with a former employee for financial damages in the amount of $150,000, which has been included in Other Income.

In December 2020, the Company settled a claim against a former consultant who was paid fees by way of share and warrants for work that was performed prior to its termination from the Company. As a result of the settlement, 1,420,000 common shares and 1,600,000 common share purchase warrants were returned to the Company and cancelled.

During the year ended September 30, 2020, the Company wrote off the related party's receivable from a company with common directors of $17,309 due to uncertainty in collection. As at September 30, 2020 is $Nil (2019 - $17,309) due to a company with common directors.

9. LOAN PAYABLE

During the year ended September 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.

10. 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 September 30, 2021, the Company's shareholders' equity was $21,012,157 (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 year ended September 30, 2021.

11. 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 fulfil 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 September 30, 2021, the Company had a cash balance of $1,737,224 (2020 - $6,494,870) to settle current liabilities of $1,422,974 (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.

11. FINANCIAL RISK FACTORS (continued)

As at September 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.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the year ended September 30, 2021, include the Company:

i) had an accounts payable balance of $147,296 related to exploration and evaluation asset expenditures.

ii) had an accounts payable balance of $83,432 related to equipment.

iii) 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 1during 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.

13. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of exploration and evaluation assets in Canada. The Company's total equipment and exploration and evaluation assets at September 30, 2021 were $20,252,421 (2020 - $15,487,651).

(Expressed in Canadian Dollars)

14. SUBSIDIARIES

Significant subsidiaries of the Company are as follows:

	Country of Incorporation	Principal Activity	Effective interest at September 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 year ended September 30, 2021, the Company dissolved Sierra Iron Ore USA due to inactivity.

15. INCOME TAXES

A reconciliation of income taxes at statutory rate with the reported taxes is as follows:

		2021		**2020**
Loss for the year	$	(1,741,090)	$	(2,068,699)
Expected income tax (recovery)	$	(470,000)	$	(559,000)
Change in statutory, foreign tax, foreign exchange rate and other		11,000		26,000
Permanent difference		93,000		79,000
Share issue cost		-		(113,000)
Impact of flow-through shares		-		454,000
Adjustment to prior years estimates		(816,000)		426,000
Change in unrecognized deductible temporary differences		1,182,000		(313,000)
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The significant components of the Company's deferred tax assets and liabilities are as follows that have not been included on the consolidated statement of financial position as follows:

		2021		**2020**
Deferred Tax Assets (liabilities)				
Exploration and evaluation assets	$	1,514,000	$	690,000
Share issue cost		86,000		120,000
Property and equipment		13,000		11,000
Intangible assets		11,000		12,000
Allowable capital losses		15,000		15,000
Non-capital losses		4,059,000		3,668,000
		5,698,000		4,516,000
Unrecognized deferred tax asset		(5,698,000)		(4,516,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

(Expressed in Canadian Dollars)

15. INCOME TAXES (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ 5,598,000	No expiry date	$ 2,543,000	No expiry date
Investment tax credit	4,000	2020 to 2034	4,000	2020 to 2034
Property and equipment	49,000	No expiry date	40,000	No expiry date
Share issue costs	319,000	2042 to 2044	444,000	2041 to 2044
Allowable capital losses	52,000	No expiry date	56,000	No expiry date
Non-capital losses available for future period	15,226,000	2030 to 2040	13,797,000	2030 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

16. ARRANGEMENT AGREEMENT AND ASSETS HELD FOR SALE

On June 25, 2019, the Company entered into an arrangement agreement with its wholly-owned subsidiary, Sassy, to transfer 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. During the year ended September 30, 2020, the Company transferred the above noted exploration assets to Sassy in exchange for 10,000,000 common shares of Sassy which were distributed to the Company's shareholders. On September 30, 2019, the Company received shareholder approval of the transaction.

The disposal group reclassified for distribution to shareholders at September 30, 2019 consisted of the Company's Canadian subsidiary, Sassy, and certain exploration and evaluation assets which were spun-out during the year ended September 30, 2020. The disposal group was part of the Company's only segment, which was part of the exploration and evaluation assets (Note 4).

During the period where Sassy was a subsidiary of the Company, management determined the assets and liabilities of Sassy met the definitions of assets held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Consequently, assets and liabilities of Sassy were classified as a disposal group.

In accordance with IFRS 5, on the reclassification of disposal groups as assets held for sale and discontinued operations, the Company remeasured the net assets of Sassy to fair value less costs of disposal. On October 4, 2019, additional expenses of $128,816 associated with the spinout and deconsolidation were recognized which is included in loss and comprehensive loss for the year.

17. SUBSEQUENT EVENTS

Share Issuance – Subsequent to September 30, 2021, the Company issued 4,000,000 common shares pursuant to the Newmont Lake Property.

Warrant Exercises – Subsequent to September 30, 2021, the Company issued 2,113,723 common shares on the exercise of 2,113,723 common share purchase warrants for gross proceeds of $404,955.