ENDURO METALS CORPORATION

Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2021 and 2020

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

"*Cole Evans"*

Cole Evans
President & CEO
February 25, 2022

"Malcolm Davidson"

Malcolm Davidson, CPA, CA
Chief Financial Officer
February 25, 2022

ENDURO METALS CORPORATION
Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	Note	December 31, 2021 (unaudited)	September 30, 2021
ASSETS			
Current assets			
Cash		$ 1,149,836	$ 1,737,224
Taxes receivable		145,363	243,532
Due from related parties	**7b**	57,493	-
Prepaid expenses and deposits		48,167	61,954
Total current assets		1,400,859	2,042,710
Property and equipment	**3**	177,301	159,977
Right of use asset	**4**	378,193	-
Deposit	**5**	200,000	200,000
Exploration and evaluation assets	**5**	21,652,940	20,092,444
Total Assets		$ 23,809,293	$ 22,495,131
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,356,373	$ 1,342,985
Due to related parties	**7b**	-	79,989
Lease liabilities - current	**4**	53,761	-
Total current liabilities		1,410,134	1,422,974
Lease liabilities – long term	**4**	332,802	-
Loan payable	**8**	60,000	60,000
Total Liabilities		1,802,936	1,482,974
Equity			
Share capital	**6**	50,120,600	48,765,792
Equity reserves	**6**	4,777,149	4,788,651
Accumulated deficit		(32,891,392)	(32,542,286)
Total Equity		22,006,357	21,012,157
Total Liabilities and Equity		$ 23,809,293	$ 22,495,131

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

Approved by the Board of Directors on February 25, 2022:

“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 – Prepared by Management)
For the Three Months Ended December 31,

	Note	2021	2020
EXPENSES			
Amortization	3,4	$ 32,267	$ -
Management and consulting fees	7	99,000	201,933
General, rent and administrative		-	12,904
Interest on right of use asset	4	15,745	-
Corporate communications		91,274	140,522
Office and miscellaneous		16,829	10,973
Professional fees		43,203	63,710
Regulatory and compliance fees		7,776	40,260
Share-based payments	6	3,550	104,427
Travel		39,462	1,159
Loss before other items		(349,106)	(575,888)
Other items			
Other income	7	-	150,000
Gain on dissolution of subsidiary		-	80,684
Net loss and comprehensive loss		(349,106)	(345,204)
Basic and diluted loss per common share		$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding – basic and diluted		207,849,761	202,685,518

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 – Prepared by Management)

	Number of shares	Share capital	Share subscriptions receivable	Equity reserves	Accumlated deficit	Total equity
Balance, September 30, 2020	**200,162,876**	**$ 47,349,515**	**$ (21,330)**	**$ 4,462,037**	**$ (30,801,196)**	**$ 20,989,026**
Exercise of warrants	3,107,693	581,539	7,735	-	-	589,274
Exploration and evaluation assets	4,000,000	800,000	-	-	-	800,000
Share-based payments	-	-	-	104,427	-	104,427
Shares to be returned	(1,820,000)	-	-	-	-	-
Loss for the period	-	-	-	-	(345,204)	(345,204)
Balance December 31, 2020	205,450,569	48,731,054	(13,595)	4,566,464	(31,146,400)	22,137,523
Exercise of warrants	255,317	48,333	-	(7,670)	-	40,663
Share-based payments	-	-	-	229,857	-	229,857
Write-off of subscription receivable	-	(13,595)	13,595	-	-	-
Loss for the period	-	-	-	-	(1,395,886)	(1,395,886)
Balance, September 30, 2021	205,705,886	48,765,792	-	4,788,651	(32,542,286)	21,012,157
Exploration and evaluation assets	4,000,000	920,000	-	-	-	920,000
Exercise of warrants	2,195,723	434,808	-	(15,052)	-	419,756
Share-based payments	-	-	-	3,550	-	3,550
Loss for the period	-	-	-	-	(349,106)	(349,106)
Balance, December 31, 2021	**211,901,609**	**$ 50,120,600**	**$ -**	**$ 4,777,149**	**$ (32,891,392)**	**$ 22,006,357**

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 – Prepared by Management)
For the Three Months Ended December 31,

		2021		2020
Cash generated by (used in):				
OPERATING ACTIVITIES				
Loss for the period	$	(349,106)	$	(345,204)
Item not affecting cash:				
Amortization		32,267		-
Interest on right of use asset		15,745		-
Gain on dissolution of subsidiary		-		(80,684)
Share-based payments		3,550		104,427
Changes in non-cash working capital items:				
Decrease (increase) in receivables		98,169		(486,744)
Decrease (increase) in prepaids		13,787		(67,025)
Increase (decrease) in accounts payable and accrued liabilities		116,671		(13,657)
Increase (decrease) in due from related parties		(137,482)		172,151
Net cash used in operating activities		(206,399)		(716,736)
FINANCING ACTIVITIES				
Proceeds from the exercise of warrants		419,756		581,539
Subscriptions receive in advance		-		1,980
Subscriptions receivable		-		7,735
Loan proceeds		-		20,000
Lease payments		(26,285)		-
Net cash provided by financing activities		393,471		611,254
INVESTING ACTIVITIES				
Exploration and evaluation assets expenditures		(743,779)		(1,949,118)
Additions to property and equipment		(30,681)		-
Net cash used in investing activities		(774,460)		(1,949,118)
Change in cash for the period		(587,388)		(2,054,600)
Cash, beginning of period		1,737,224		6,494,870
Cash, end of period	$	1,149,836	$	4,440,270
Cash paid during the period for interest	$	15,750	$	-
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.

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.

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.

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 condensed interim 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 respondor efficiently and quickly recover from such event, which could have a materially adverse effect on the Company's operations.

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 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, 2021, annual 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.

Basis of Presentation

The policies applied in the condensed interim consolidated financial statements are presented below as of February 25, 2022, the date the Board of Directors approved the condensed interim consolidated financial statements.

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

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. 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.

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 condensed interim 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 condensed interim 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates, judgments and assumptions (continued)

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

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.

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.

Government assistance

The Company records government assistance provided there is reasonable assurance that the Company has complied and will continue to comply with all conditions of the government funding. Government assistance relating to current expenses is recognized in profit or loss and is included as a decrease to the related line item in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

3. PROPERTY AND EQUIPMENT

	Computer Equipment $	Exploration Equipment $	Leasehold Improvement $	Total $
Cost:				
Balance, September 30, 2020	-	-	-	-
Additions*	4,552	165,030	-	169,582
Balance, September 30, 2021	4,552	165,030	-	169,582
Additions	-	-	30,681	30,681
Balance, December 31, 2021	4,552	165,030	30,681	200,263
Accumulated depreciation:				
Balance, September 30, 2020	-	-	-	-
Additions	455	9,150	-	9,605
Balance, September 30, 2021	455	9,150	-	9,605
Additions	205	11,691	1,461	13,357
Balance, December 31, 2021	660	20,841	1,461	22,962
Net Book Value, September 30, 2021	**4,097**	**155,880**	**155,880**	**159,977**
Net Book Value, December 31, 2021	**3,892**	**144,189**	**29,220**	**177,301**

*Additions to exploration equipment for the period include $83,453 (September 30, 2021 - $83,453) that are included in accounts payable at December 31, 2021.

4. RIGHT OF USE ASSET AND LEASE LIABILITIES

On October 1, 2021, the Company entered into a 5-year office lease agreement. In analysing the identified agreement, the Company applied the lease accounting model pursuant to IFRS 16 and considered all the facts and circumstances surrounding the inception of the agreement. The lease term matures on December 31, 2026.

For the period ending December 31, 2021, depreciation of the right of use asset was $18,910 (2020 - $Nil). The right of use asset is depreciated on a straight-line basis over the term of the lease.

Right of use asset, October 1, 2021	$	397,103
Depreciation of right of use asset		(18,910)
Right of use asset, December 31, 2021	$	378,193

(Expressed in Canadian Dollars)

4. RIGHT OF USE ASSET AND LEASE LIABILITIES (continued)

For the period ending December 31, 2021, finance charges on the lease liability were $15,745 (2020 - $Nil).

Lease liabilities, October 1, 2021	$	397,103
Accretion		15,745
Payments		(26,285)
Lease liabilities, December 31, 2021	$	386,563
Current lease liabilities		53,761
Long-term lease liabilities		332,802
Total lease liabilities at December 31, 2021	$	386,563

5. EXPLORATION AND EVALUATION ASSETS

Period Ended December 31, 2021	Newmont Lake British Columbia, Canada	Tom Cat Claims, British Columbia, Canada	Total
Acquisition Costs:			
Balance, beginning of period	$ 2,967,535	$ 61,036	$ 3,028,571
Cash payment	30,000	-	30,000
Shares issued	920,000	-	920,000
Other	21,793	-	21,793
Balance, end of period	3,939,328	61,036	4,000,364
Deferred Exploration Costs:			
Balance, beginning of period	16,930,403	133,470	17,063,873
Assay	290,032	1,793	291,825
Geological consulting and related services	43,597	12	43,609
Drilling, exploration and camp costs	244,206	-	244,206
Supplies	2,767	-	2,767
Travel	6,296	-	6,296
Balance, end of period	17,517,301	135,275	17,652,576
Total	**$ 21,456,629**	**$ 196,311**	**$21,652,940**

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

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**

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.
- issue 4,000,000 shares on November 29th, 2021.
- 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.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Outstanding:

- pay $1,000,000 concurrently with the Company vesting 100% interest in the Romios Claims by February 22, 2022 (**paid February 1, 2022**).

The claims are subject to a 2% Net Smelter Royalty ("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).

Subsequent to December 31, 2021, the Company exercised the earn-in option, executing the NSR Agreement, and made the final payment of $1,000,000 for the Newmont Lake Property.

As of December 31, 2021, the Company had $200,000 (September 30, 2021 - $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% NSR, of which 1% may be purchased for $2,000,000 for five years from the start of commercial production.

6. SHARE CAPITAL AND EQUITY RESERVES

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

i) issued 2,195,723 common shares pursuant to the exercise of warrants for the gross proceeds of $419,756, and accordingly reallocated $15,052 of its equity reserve to share capital.

ii) issued 4,000,000 common shares valued at $920,000 pursuant to the acquisition of the Newmont Lake Property (Note 5).

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 5).

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.

(Expressed in Canadian Dollars)

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, 2020	9,620,000	$ 0.14
Granted	688,000	0.35
Exercised	(250,000)	0.30
Outstanding September 30, 2021 and December 31, 2021	10,058,000	$ 0.15

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

Expiry Date	Exercise Price	Number of Options	Number of Options Exercisable
February 17, 2022*	$ 0.38	538,000*	538,000
June 1, 2023	$ 0.23	150,000	37,500
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
		10,058,000	9,945,500

*Expired subsequently

Share-based payments

During the period ended December 31, 2021, the Company recognized $3,550 (2020 - $104,427) on options previously granted and vested throughout the period. The weighted average fair value of each stock option granted during the period was $Nil (September 30, 2021 - $0.35), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended December 31, 2021	**Year ended September 30, 2021**
Volatility	-	92.66%
Risk-free interest rate	-	0.31%
Dividend yield	-	0.00%
Expected life	-	1.00 years
Expected forfeiture rate	-	0.00%

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND EQUITY RESERVES (continued)

Warrants

A summary of changes in warrants is as follows:

	Number of warrants		Weighted average exercise price
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
Exercised	(2,195,723)		0.19
Cancelled/Expired	(1,820,000)		0.15
Outstanding December 31, 2021	64,205,700	$	0.30

*1,600,000 warrants were cancelled pursuant to a settlement agreement (Note 9)

The following warrants were outstanding at December 31, 2021:

Number of Warrants	Exercise Price	Expiry Date
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
12,452,000	$ 0.15	December 19, 2024
64,205,700		

*Expired subsequent to December 31, 2021

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.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	2021	2020
Consulting fees	$ 75,000	$ 103,750
Exploration and evaluation expenditures	50,543	-
	$ 125,543	$ 103,750

(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:

	December 31, 2021	September 30, 2021
HEG & Associates Exploration Services	$ (21,906)	$ 103,717
Directors (Current)	(11,859)	-
Directors (Former)	(23,728)	(23,728)
	$ (57,493)	$ 79,989

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.

8. LOAN PAYABLE

During the year ended September 30, 2021, the Company received an additional $20,000 (2020 - $40,000) 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, 2023, after which it will incur interest at 5% per annum. If the principal of $40,000 is fully repaid on or before December 31, 2023, 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 December 31, 2021, the Company's shareholders' equity was $22,006,357 (September 30, 2021 – $21,012,157).

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 December 31, 2021.

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 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 December 31, 2021, the Company had a cash balance of $1,149,836 (September 30, 2021 - $1,737,224) to settle current liabilities of $1,410,134 (September 30, 2021 - $1,422,974). 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.

10. FINANCIAL RISK FACTORS (continued)

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 December 31, 2021, the Company had minimal cash amounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

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

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

i) had an accounts payable balance of $31,315 related to exploration and evaluation asset expenditures.

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

iii) transferred $15,052 from equity reserve to share capital upon exercise of warrants.

iv) recorded $397,103 right of use asset and lease liabilities upon entering a finance lease.

v) issued 4,000,000 common shares at a value of $920,000 in connection with the acquisition of exploration and evaluation asset.

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.

(Expressed in Canadian Dollars)

12. 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 December 31, 2021 were $21,652,940 (September 30, 2021 - $20,092,444).

13. SUBSIDIARIES

Significant subsidiaries of the Company are as follows:

	Country of Incorporation	Principal Activity	Effective interest at December 31, 2021	Effective interest at September 30, 2021
Minera Sierra Gioc SA	Mexico	Holding company	100%	100%

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

14. SUBSEQUENT EVENT

On February 2, 2022, the Company completed the earn-in of its 100% interest in the Newmont Lake project by making the final $1,000,000 to Romios Gold Resources Inc.