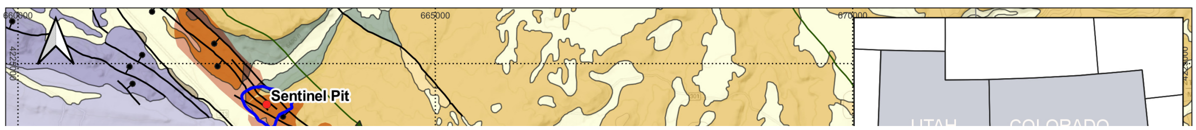
The Stateline property is located approximately 40 kilometres southwest of Naturita, Colorado, covering the state boundary between Utah and Colorado at the southeast end of the Lisbon Valley. This property lies within the Paradox Copper Belt, which includes the producing Lisbon Valley Mining Complex (“LVMC”). There are numerous historical copper occurrences that have been identified throughout the belt; however, many of these have not been explored using modern exploration techniques.

At Stateline, historical exploration was conducted as part of the regional programs associated with the LVMC. Previous explorers reported copper mineralization highlighted by results of 1.6% copper and 1.7 g/t silver in outcrop. Mineralization visible in outcrop occurs as disseminated malachite, which may be amenable to modern open pit mining with Solvent Extraction Electro Winning (“SXEW”) processing similar to the LVMC. The mineralization noted to date is interpreted to be the southeast extension of the Flying Diamond mineralization, which is a current target of interest associated with the LVMC.

**Figure 2.** Stateline Property Location and Regional Geology Plan Map




Stateline is located adjacent to a northwest trending graben-bounding fault near the southeast terminus of the Paradox Basin salt-cored anticline in a similar structural and stratigraphic setting as the LVMC. Copper mineralization occurs in bleached and altered, permeable sandstone units adjacent to the faults. Copper mineralization in outcrop includes malachite, azurite, chalcocite and black copper oxides.

Historical surface sampling of mineralized outcrops has yielded assay results up to 1.6% copper and 1.7 g/t silver and 0.45% copper and 2.1 g/t silver. Disseminated copper-silver mineralization has also been identified in several outcropping sandstones in other stratigraphic positions. Both styles of mineralization will be investigated in upcoming work programs with the goal of refining drill targets in these units. Initial work will include detailed geological mapping, soil and rock sampling, and geophysics.

The project is road accessible year-round, via a network of roads through the valley, including those supporting access to the LVMC. The project is comprised of 22 mining claims on Federal mineral rights managed by the BLM. Ground covered by the current claims was at one time part of the Lisbon Valley Mining Complex claim package.

The Stateline project was purchased from the underlying vendors for a USD$20,000 cash payment and a further USD$40,000 payment in the form of cash and/or shares.

On February 10, 2022, the Company and Cloudbreak announced the optioning of the Stateline property to Allied. Under the Stateline Option Agreement, Allied can earn a 100% interest in the property under the following terms (all payments amounts are split 50/50 between Alianza and Cloudbreak):

- Allied will make an aggregate of $315,000 in cash payments to the Strategic Alliance of which $40,000 will be paid shortly (received) and with a further $50,000 due on closing;
- Over a four-year period, Allied will incur an aggregate of $3,750,000 in exploration expenditures on the property, with at least $500,000 being spent prior to the first anniversary of the closing date;
- Allied will Issue 4,250,000 common shares over a three-year period of which 500,000 common shares are due on closing;
- The Strategic Alliance will retain a 2% net smelter royalty which is not subject to a buy down provision.

If Allied acquires additional mineral tenures within the Area of Interest (the “AOI”), it will issue the Alliance additional common shares on a sliding scale that is proportional to the area of the acquired mineral tenures. Conversely, if the Alliance acquires mineral tenures within the AOI, it will first offer them to Allied and be compensated on that same sliding scale, should Allied choose to acquire them.

*Haldane, Yukon Territory, Canada*

On February 9, 2022, the Company announced that it filed on SEDAR a National Instrument 43-101 (“NI 43-101”) compliant technical report on its 100% owned Haldane project entitled “Technical Report on the Haldane Project, Yukon, Canada” (the “Technical Report”). The Technical Report had an effective date of December 31, 2021, and was prepared by Murray Jones, MSc, PGeo of Equity Exploration Consultants Ltd., a Qualified Person as defined in NI 43-101.

Recent work at Haldane targeted the West Fault target. Drilling in 2021 aimed to follow up the result from a late 2020 intersection (8.72 m estimated true width averaging 311 g/t silver, 0.89% lead and 1.13% zinc) with 50 metre step outs along strike and down dip, extending mineralization 100 metres along strike and 90 metres down trend. This campaign was highlighted by additional high grade results of 3.14 m estimated true width averaging 1,351 g/t silver, 2.43% lead and 2.91% zinc in hole HLD21-24 including 1.26 m estimated true width averaging 3,267 g/t silver, 5.80% lead and 7.02% zinc. Drilling revealed two splays of strongly mineralized veins within the West Fault Complex. The next phase of drilling will test the West Fault Complex vein mineralization to the southwest and down dip to determine the extent of high grade silver mineralization at this target. This program is planned to commence in the summer with a minimum of 2,000 metres of drilling planned. In addition to the high priority West Fault, plans for additional holes at the Middlecoff and the recently discovered Bighorn targets are being drawn up as well. Program details will be made available once finalized.

## INTERIM PERIOD FINANCIAL CONDITION

*Capital Resources*

On January 18, 2022, the Company granted 5,800,000 stock options to its directors, officers, employees, consultants and contractors at an exercise price of $0.10 for a period of five years.

On March 17, 2022, the Company granted 500,000 stock options to a director at an exercise price of $0.10 for a period of five years.

On May 13, 2022, the Company announced that its non-brokered private placement of 10,000,000 units ("Unit") at a price of $0.075 per Unit for gross proceeds of $750,000 was fully subscribed. Each Unit will consist of one common share and one-half common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share for a 36-month period at a price of $0.125.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from equity issuances and the potential exercise of warrants, finders' warrants and options, along with the planned developments within the Company will allow its efforts to continue throughout 2022. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

*Liquidity*

As at March 31, 2022, the Company had working capital deficiency of $229,762 (September 30, 2021 – working capital of $145,516). As at March 31, 2021, $44,520 was held in cash (September 30, 2021 - $412,676) and $9,411 was held in restricted cash (September 30, 2021 - $Nil). The total decrease of $358,745 was due to: (a) exploration and evaluation assets expenditures and deposits of $205,391 and (b) operating activities of $136,231.

*Operations*

**For the three months ended March 31, 2022 compared with the three months ended March 31, 2021:**

The Company recorded a net loss for the three months ended March 31, 2022 of $411,886 (loss per share - $0.00) compared to a loss of $305,533 (loss per share - $0.00) for the three months ended March 31, 2021.

Excluding the non-cash share-based payments of $365,300 (2021 - $Nil), the Company's general and administrative expenses amounted to $260,292 (2021 - $320,659), a decrease of $60,367. The change in the expenses was mainly due to the decrease in: (a) investor relations and shareholder information (2022 - $111,160; 2021 - $151,737); (b) property investigation expenses (2022 - $8,839; 2021 - $22,942); and (c) transfer agent, listing and filing fees (2022 - $14,090; 2021 - $29,026) as the Company has been reserving the funds for its exploration activities.

The other major items for the three months ended March 31, 2022, compared with March 31, 2021, were:

- Fair value loss on marketable securities of $65,000 (2021 - $Nil);
- Flow-through share premium recovery of $3,607 (2021 - $19,555); and
- Proceeds received in excess of exploration and evaluation assets costs of $264,922 (2021 - $Nil).

**For the six months ended March 31, 2022 compared with the six months ended March 31, 2021:**

The Company recorded a net loss for the six months ended March 31, 2022 of $589,153 (loss per share - $0.00) compared to a loss of $658,023(loss per share - $0.00) for the six months ended March 31, 2021.

Excluding the non-cash share-based payments of $365,300 (2021 - $202,304), the Company's general and administrative expenses amounted to $456,371 (2021 - $607,742), a decrease of $151,371. The change in the expenses was mainly due to decreases in investor relations and shareholder information (2022 - $160,247; 2021 - $308,850) as the Company tried out different marketing and shareholder communication venues to find the most cost effective way to promote awareness of the Company's exploration activities.

The other major items for the six months ended March 31, 2021, compared with March 31, 2020, were:

- Fair value loss on marketable securities of $65,000 (2021 - $Nil);
- Flow-through share premium recovery of $17,246 (2021 - $160,086); and
- Proceeds received in excess of exploration and evaluation assets costs of $264,922 (2021 - $Nil).

## SIGNIFICANT RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

| | Short-term employee benefits | Post-employment benefits | Other long-term benefits | Termination benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|
| Jason Weber<br>Chief Executive Officer, Director | $ 81,000 | $ Nil | $ Nil | $ Nil | $ 59,000 | $ 140,000 |
| Rob Duncan<br>VP of Exploration | $ 75,000 | $ Nil | $ Nil | $ Nil | $ 44,250 | $ 119,250 |
| Winnie Wong<br>Chief Financial Officer | $ Nil | $ Nil | $ Nil | $ Nil | $ 29,500 | $ 29,500 |
| Marc G. Blythe<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 29,500 | $ 29,500 |
| Mark T. Brown<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 44,250 | $ 44,250 |
| Craig Lindsay<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 29,500 | $ 29,500 |
| John Wilson<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 14,750 | $ 14,750 |
| Sven Gollan<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 23,100 | $ 23,100 |

| | | Six months ended | | Balance due | |
|---|---|---|---|---|---|
| | Services | March 31, 2022 | March 31, 2021 | As at March 31, 2022 | As at September 30, 2021 |
| Amounts due to: | | | | | |
| Jason Weber | Consulting fee and share-based payment | $ 140,000 | $ 111,270 | $ 17,036 | $ Nil |
| Rob Duncan | Consulting fee and share-based payment | $ 119,250 | $ 105,270 | $ 4,546 | $ Nil |
| Pacific Opportunity Capital Ltd. [a] | Accounting, financing, and shareholder communication services | $ 106,500 | $ 100,745 | $ 266,202 | $ 214,731 |
| TOTAL: | | $ 365,750 | $ 317,285 | $ 287,784 | $ 214,731 |

(a) The president of Pacific Opportunity Capital Ltd., a private company, is a director of the Company.

**COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES**

As a result of the administrative practices with respect to mining taxation in Mexico, there can be significant uncertainty, in regards to when, or if, taxes are payable and the amount that may ultimately be payable. As at September 30, 2015, Mexican claim taxes totaling approximately $766,000 had been levied. Of this amount, $563,000 relates to properties that were held by Minera Tarsis, S.A. de C.V., which the Company has applied to wind up, and $203,000 relates to properties being acquired. On February 16, 2016, the Company sold all its Mexican properties to Almadex, and reduced the claim taxes to $173,783. These taxes will never be paid in full and any amount that will, or might, be payable cannot realistically be determined at this time. Accordingly, these taxes have been disclosed as a contingent liability, and not recognized as a liability or provision.

As of the date of the MD&A, the Company has no outstanding commitments.

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

**RISK FACTORS**

In our MD&A filed on SEDAR January 26, 2022 in connection with our annual financial statements (the “Annual MD&A”), we have set out our discussion of the risk factors *Exploration risks, Market risks* and *Financing risk* which we believe are the most significant risks faced by Alianza. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company’s undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

## DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data as at March 31, 2022:

| | Issued and Outstanding | |
|---|---|---|
| | March 31, 2022 | May 16, 2022 |
| Common shares outstanding | 148,950,655 | 148,950,655 |
| Stock options | 10,870,000 | 10,870,000 |
| Warrants | 34,285,186 | 34,285,186 |
| Finder's warrants | 2,004,619 | 2,004,619 |
| Fully diluted common shares outstanding | 196,110,460 | 196,110,460 |

## QUALIFIED PERSON

Jason Weber, BSc., P.Geo is the Qualified Person as defined under National Instrument 43-101 responsible for the technical disclosure in this document. Mr. Weber is the President and Chief Executive Officer of Alianza and prepared the technical information contained in this MD&A – Quarterly Highlights.

**Cautionary Statements**

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.

# ALIANZA MINERALS LTD.

Condensed Consolidated Interim Financial Statements

For the six months ended March 31, 2022 and 2021

325 Howe Street, Suite 410, Vancouver B.C. V6C 1Z7, Canada, TSXV: ANZ; Tel: 604-687-3520

# CONTENTS

## NOTICE OF NO AUDITOR REVIEW OF

## INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

(Presented in Canadian Dollars)

| | Note | | March 31, 2022 (Unaudited) | | September 30, 2021 (Audited) |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash | | $ | 44,520 | $ | 412,676 |
| Restricted cash | 5(c) | | 9,411 | | - |
| Due from alliance partner | 5(c,d) | | - | | 126,047 |
| Marketable securities | 4 | | 160,000 | | - |
| Receivables | | | 13,686 | | 43,953 |
| Prepaid expenses | | | 46,166 | | 24,784 |
| | | | 273,783 | | 607,460 |
| **Non-current assets** | | | | | |
| Exploration and evaluation assets | 5 | | 7,839,991 | | 7,708,379 |
| Deposits | 6 | | 29,916 | | 27,662 |
| VAT receivables | | | 39,797 | | 36,052 |
| | | | 7,909,704 | | 7,772,093 |
| **Total assets** | | $ | 8,183,487 | $ | 8,379,553 |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | | $ | 190,547 | $ | 214,163 |
| Due to related parties | 9 | | 287,784 | | 214,731 |
| Funds held for optionee | 5 | | 9,411 | | - |
| Flow-through share premium liability | 7 | | 15,803 | | 33,050 |
| | | | 503,545 | | 461,944 |
| **Shareholders' equity** | | | | | |
| Share capital | 7 | | 24,290,287 | | 24,290,287 |
| Reserves | 7,8 | | 3,595,186 | | 3,229,886 |
| Accumulated other comprehensive loss | | | (58,747) | | (44,933) |
| Deficit | | | (20,146,784) | | (19,557,631) |
| | | | 7,679,942 | | 7,917,609 |
| **Total shareholders' equity and liabilities** | | $ | 8,183,487 | $ | 8,379,553 |

Nature of operations and going concern (Note 1)
Event after the Reporting Period (Note 15)

These consolidated financial statements are authorized for issue by the Board of Directors on May 16, 2022.

**On behalf of the Board of Directors:**

*Director "Jason Weber"* *Director "Mark T. Brown"*

See accompanying notes to the condensed consolidated interim financial statements

(Unaudited, presented in Canadian Dollars)

| | Note | Three months ended March 31 2022 | Three months ended March 31 2021 | Six months ended March 31 2022 | Six months ended March 31 2021 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Accounting and legal fees | 9 | $ 64,570 | $ 57,846 | $ 124,808 | $ 110,438 |
| Investor relations and shareholder information | 9 | 111,160 | 151,737 | 160,247 | 308,850 |
| Office facilities and administrative services | 9 | 4,500 | 4,500 | 9,002 | 9,000 |
| Office expenses | | 3,438 | 2,596 | 9,199 | 8,619 |
| Property investigation expenses | | 8,839 | 22,942 | 23,422 | 36,043 |
| Share-based payments | 9 | 365,300 | - | 365,300 | 202,304 |
| Transfer agent, listing and filing fees | | 14,090 | 29,026 | 23,870 | 33,586 |
| Travel | | 7,261 | 91 | 13,109 | 180 |
| Wages, benefits and consulting fees | 9 | 46,434 | 51,921 | 92,714 | 101,026 |
| | | (625,592) | (320,659) | (821,671) | (810,046) |
| Interest income and other income | | 14 | 364 | 21 | 558 |
| Fair value loss on marketable securities | 4 | (65,000) | - | (65,000) | - |
| Flow-through share premium recovery | | 3,607 | 19,555 | 17,246 | 160,086 |
| Foreign exchange gain (loss) | | 10,163 | (4,793) | 15,329 | (8,621) |
| Proceeds received in excess of exploration and evaluation asset costs | 5(c) | 264,922 | - | 264,922 | - |
| **Net loss for the period** | | $ (411,886) | $ (305,533) | $ (589,153) | $ (658,023) |
| **Other comprehensive loss** | | | | | |
| Exchange difference arising on the translation of foreign subsidiary | | (7,622) | (13,503) | (13,814) | (30,155) |
| **Total comprehensive loss for the period** | | $ (419,508) | $ (319,036) | $ (602,967) | $ (688,178) |
| **Basic and diluted loss per common share** | | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.00) |
| Weighted average number of common shares outstanding - basic and diluted | | 148,752,829 | 137,806,660 | 148,950,655 | 134,085,243 |

See accompanying notes to the condensed consolidated interim financial statements

ALIANZA MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited, presented in Canadian Dollars)

| | | Share Capital | | Reserves | | | Accumulated Other Comprehensive Income (Loss) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Number of shares | Amount | Equity settled employee benefits | Warrants | Finders' warrants | Foreign exchange reserve | Deficit | Total equity |
| **Balance, September 30, 2020 (Audited)** | | **110,242,722** | **$ 20,068,707** | **$ 1,930,488** | **$ 641,848** | **$ 303,147** | **$ (24,239)** | **$ (18,618,507)** | **$ 4,301,444** |
| Private placements | 7(b)(i) | 21,551,500 | 2,909,452 | - | - | - | - | - | 2,909,452 |
| Share issue costs | 7(b)(i) | - | (350,772) | - | - | 109,533 | - | - | (241,239) |
| Exercise of finder's warrants | 7(b)(v) | 56,100 | 4,633 | - | - | (1,828) | - | - | 2,805 |
| Exercise of warrants | 7(b)(v) | 6,240,000 | 624,000 | - | - | - | - | - | 624,000 |
| Share-based payments | 8(a) | - | - | 202,304 | - | - | - | - | 202,304 |
| Net loss | | - | - | - | - | - | (30,155) | (658,023) | (688,178) |
| **Balance, March 31, 2021 (Unaudited)** | | **138,090,322** | **23,256,020** | **2,132,792** | **641,848** | **410,852** | **(54,394)** | **(19,276,530)** | **7,110,588** |
| Private placements | 7(b)(ii) | 10,510,333 | 1,156,137 | - | - | - | - | - | 1,156,137 |
| Share issue costs | 7(b)(ii) | - | (151,370) | - | - | 44,394 | - | - | (106,976) |
| Acquisition of exploration and evaluation assets | 7(b)(iii)(iv) | 350,000 | 29,500 | - | - | - | - | - | 29,500 |
| Net loss | | - | - | - | - | - | 9,461 | (281,101) | (271,640) |
| **Balance, September 30, 2021 (Audited)** | | **148,950,655** | **24,290,287** | **2,132,792** | **641,848** | **455,246** | **(44,933)** | **(19,557,631)** | **7,917,609** |
| Share-based payments | 8(a) | - | - | 365,300 | - | - | - | - | 365,300 |
| Net loss | | - | - | - | - | - | (13,814) | (589,153) | (602,967) |
| **Balance, March 31, 2022 (Unaudited)** | | **148,950,655** | **$ 24,290,287** | **$ 2,498,092** | **$ 641,848** | **$ 455,246** | **$ (58,747)** | **$ (20,146,784)** | **$ 7,679,942** |

See accompanying notes to the condensed consolidated interim financial statements

ALIANZA MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31
(Unaudited, presented in Canadian Dollars)

| | Six months ended March 31 2022 | 2021 |
|---|---|---|
| **Cash flows from (used in) operating activities** | | |
| Net loss for the period | $ (589,153) | $ (658,023) |
| Items not affecting cash: | | |
| Fair value loss on marketable securities | 65,000 | - |
| Flow-through share premium recovery | (17,246) | (160,086) |
| Proceeds received in excess of exploration and evaluation asset costs | (264,922) | - |
| Share-based payments | 365,300 | 202,304 |
| Changes in non-cash working capital items: | | |
| Receivables | 30,464 | (5,165) |
| Due from alliance partner | 126,047 | - |
| VAT Receivables | (387) | (749) |
| Prepaid expenses | (21,382) | (14,897) |
| Accounts payable and accrued liabilities | 92,130 | (66,669) |
| Due to related parties | 68,507 | (20,406) |
| Funds held for optionee | 9,411 | (83,070) |
| Net cash (used in) operating activities | (136,231) | (806,761) |
| **Cash flows from (used in) investing activities** | | |
| Deposits | (2,526) | (12,845) |
| Exploration and evaluation assets | (202,865) | (1,403,342) |
| Net cash (used in) investing activities | (205,391) | (1,416,187) |
| **Cash flows from financing activities** | | |
| Proceeds from issuance of common shares | - | 3,187,075 |
| Proceeds from exercise of warrants | - | 624,000 |
| Proceeds from exercise of finder's warrants | - | 2,805 |
| Share issue costs | - | (243,560) |
| Net cash provided by financing activities | - | 3,570,320 |
| Effect of exchange rate changes on cash | (17,123) | (2,043) |
| **Change in cash for the period** | (358,745) | 1,345,329 |
| **Cash, beginning of the period** | 412,676 | 362,063 |
| **Cash, end of the period** | $ 53,931 | $ 1,707,392 |
| **Cash comprised of:** | | |
| Cash | $ 44,520 | $ 1,707,392 |
| Restricted Cash | 9,411 | - |
| | $ 53,931 | $ 1,707,392 |

Supplemental disclosure with respect to cash flows (Note 10)

See accompanying notes to the condensed consolidated interim financial statements

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Alianza Minerals Ltd. (the "Company" or "Alianza") was incorporated in Alberta on October 21, 2005 under the Business Corporations Act of Alberta and its registered office is Suite 410, 325 Howe Street, Vancouver, BC, Canada, V6C 1Z7. On April 25, 2008 the Company filed for a certificate of continuance and is continuing as a BC Company under the Business Corporations Act (British Columbia).

The Company is an exploration stage company and is engaged principally in the acquisition and exploration of mineral properties. The recovery of the Company's investment in its exploration and evaluation assets is dependent upon the future discovery, development and sale of minerals, upon the ability to raise sufficient capital to finance these activities, and/or upon the sale of these properties.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issuance of common shares or obtaining joint venture or property sale agreements for one or more properties.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the condensed consolidated interim statement of financial position. The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Adverse financial market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. Accordingly, these material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

As at March 31, 2022, the Company had working capital deficiency of $229,762 (September 30, 2021: working capital of $145,516) and shareholders' equity of $7,679,942 (September 30, 2021: $7,917,609).

## 2. BASIS OF PREPARATION

### Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

## 2. BASIS OF PREPARATION - continued

### Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for marketable securities classified as available-for-sale, which are stated at fair value through other comprehensive income (loss). In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

### New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2022 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- Presentation of financial statements

  An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

## 3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended September 30, 2021.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended September 30, 2021. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six-month period ended March 31, 2022 are not necessarily indicative of the results that may be expected for the current fiscal year ending September 30, 2022.

(Unaudited, presented in Canadian Dollars)

## 4. Marketable Securities

On February 3, 2022, the Company received 1,000,000 shares of Allied Copper Corp. pursuant to an option agreement entered into in 2021 for the Klondike property (Note 5(c)). The shares are measured and presented at fair value using the observable market share price as at the date of the statements of financial position. The gain or loss as a result of the re-measurement is recorded through profit and loss ("FVTPL").

| March 31, 2022 | Number of Shares | Cost | Fair Value |
|---|---|---|---|
| Allied Copper Corp. | 1,000,000 | $ 225,000 | $ 160,000 |

| | March 31, 2022 | September 30, 2021 |
|---|---|---|
| Net changes in fair value on marketable securities through profit and loss: | | |
| Value at February 3, 2022 | $ 225,000 | $ - |
| Change in unrealized (loss) | (65,000) | - |
| Value at March 31, 2022 | $ 160,000 | $ - |

## 5. EXPLORATION AND EVALUATION ASSETS

The Company typically obtains its mineral exploration rights by way of direct acquisition from government regulatory authorities, outright purchases from third parties, or by entering into option agreements to acquire such rights subject to future consideration, often inclusive of requirements to complete exploration work on such properties. Such costs, when subsequently incurred by the Company, are also capitalized as non-current assets and included within the Exploration and Evaluation category. The Company will, and has, also subsequently entered into arrangements with other parties to vend certain of these interests utilizing similar mechanisms, based on management's assessment of what is advantageous to the Company.

Although the Company has taken steps to verify title to its unproven mineral right interests, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The Company has mineral property interests in USA (the "USA Properties"), in British Columbia and Yukon Territory of Canada (the "Canada Properties") and in Peru (the "Peru Properties"). Following are summary tables of exploration and evaluation assets and brief summary descriptions of each of the exploration and evaluation assets:

(Unaudited, presented in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS – continued

**Exploration and Evaluation Assets for the period ended March 31, 2022**

| | USA | | | | | Canada | | | Peru | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Horsethief | Twin Canyon | Klondike | Stateline | Others | Haldane | KRL | Others | Yanac | **Total** |
| **Balance at September 30, 2021** | **$ 150,553** | **$ 544,274** | **$ 49,263** | **$ 17,866** | **$ 428,519** | **$ 4,648,181** | **$ 330,269** | **$ 1,109,218** | **$ 430,236** | **$ 7,708,379** |
| **Additions during the period** | | | | | | | | | | |
| Acquisition costs: | | | | | | | | | | |
| Claim staking | - | - | 63 | 739 | - | - | - | - | - | 802 |
| Property acquisition | - | - | - | 24,992 | - | - | - | - | - | 24,992 |
| | - | - | 63 | 25,731 | - | - | - | - | - | 25,794 |
| Exploration expenditures: | | | | | | | | | | |
| Aircraft charter | - | - | - | - | - | 1,066 | - | - | - | 1,066 |
| Camp, travel and meals | - | 588 | 1,118 | 651 | - | 22,525 | - | - | - | 24,882 |
| Drilling | - | - | - | - | - | 50,952 | - | - | - | 50,952 |
| Field equipment rental | - | - | - | - | - | 10,287 | - | - | - | 10,287 |
| Field supplies and maps | - | - | 32 | 95 | - | 320 | - | - | - | 447 |
| Geochemical | - | 371 | 1,190 | - | - | - | - | - | - | 1,561 |
| Geological consulting | - | 6,720 | 30,187 | 17,194 | 4,753 | 70,428 | 2,715 | - | - | 131,997 |
| Legal and accounting | - | 312 | 108 | - | - | - | - | - | - | 420 |
| Licence and permits | - | 348 | 5,315 | 113 | 60 | - | - | - | - | 5,836 |
| Management fees | - | - | 4,374 | 1,250 | - | - | - | - | - | 5,624 |
| Permitting | - | 14,557 | 40,830 | 469 | - | 13,822 | - | - | - | 69,678 |
| Reporting, drafting, sampling and analysis | - | 250 | 187 | - | - | 23,844 | - | - | - | 24,281 |
| Trenching | - | - | 359 | 359 | - | - | - | - | - | 718 |
| | - | 23,146 | 83,700 | 20,131 | 4,813 | 193,244 | 2,715 | - | - | 327,749 |
| **Less:** | | | | | | | | | | |
| Option payment received | - | - | (325,000) | (20,000) | - | - | - | - | - | (345,000) |
| Proceeds received in excess of exploration and evaluation asset costs - recognized as income | - | - | 264,922 | - | - | - | - | - | - | 264,922 |
| Recovered exploration expenditures | - | - | (74,118) | (30,162) | - | - | - | (40,000) | - | (144,280) |
| **Net additions** | - | 23,146 | (50,433) | (4,300) | 4,813 | 193,244 | 2,715 | (40,000) | - | 129,185 |
| Foreign currency translation | 1,132 | (10,466) | 1,170 | 67 | (320) | - | - | - | 10,844 | 2,427 |
| **Balance at March 31, 2022** | **$ 151,685** | **$ 556,954** | **$ -** | **$ 13,633** | **$ 433,012** | **$ 4,841,425** | **$ 332,984** | **$ 1,069,218** | **$ 441,080** | **$ 7,839,991** |

(Unaudited, presented in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS – continued

**Exploration and Evaluation Assets for the year ended September 30, 2021**

| | USA | | | | | | Canada | | | | Peru | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Horsethief | Twin Canyon | Bellview | BP | Strategic Alliance Program | Others | Haldane | KRL | Tim | Others | Yanac | **Total** |
| **Balance at September 30, 2020** | **$ 178,638** | **$ 351,336** | **$ 97,786** | **$ 260,569** | **$ -** | **$ 23,546** | **$ 1,627,078** | **$ 257,487** | **$ (9,949)** | **$ 1,114,250** | **$ 424,821** | **$ 4,325,562** |
| **Additions during the year** | | | | | | | | | | | | |
| Acquisition costs: | | | | | | | | | | | | |
| Claim staking | - | - | - | - | 25,482 | 7,948 | - | - | - | - | - | 33,430 |
| Property acquisition | - | 19,112 | - | - | 20,041 | - | 41,500 | 63,000 | - | - | - | 143,653 |
| | - | 19,112 | - | - | 45,523 | 7,948 | 41,500 | 63,000 | - | - | - | 177,083 |
| Exploration expenditures: | | | | | | | | | | | | |
| Aircraft charter | - | - | - | - | - | - | 33,058 | - | - | - | - | 33,058 |
| Camp, travel and meals | 2,107 | 8,983 | - | 1,003 | 4,283 | 322 | 493,970 | - | - | - | - | 510,668 |
| Drilling | - | - | - | - | - | - | 1,547,793 | - | - | - | - | 1,547,793 |
| Field equipment rental | - | 641 | - | - | - | - | 100,150 | - | - | - | - | 100,791 |
| Field supplies and maps | - | 1,057 | - | - | 519 | - | 31,958 | - | - | - | - | 33,534 |
| Geochemical | 38,348 | 13,962 | - | - | - | - | 17,977 | - | - | - | - | 70,287 |
| Geological consulting | 12,959 | 127,600 | 725 | 3,719 | 67,175 | 8,902 | 727,772 | 7,282 | - | 1,347 | 18,499 | 975,980 |
| Geophysics | 3,447 | - | - | - | - | - | - | - | - | - | - | 3,447 |
| Legal and accounting | - | - | - | - | 14 | 8 | 43 | - | - | - | - | 65 |
| Licence and permits | (18,243) | 12,577 | 7,683 | 32,039 | 50,908 | 3,310 | 8,640 | 2,500 | - | 3,570 | 5,585 | 108,569 |
| Permitting | - | 11,501 | - | - | 13,708 | 1,433 | - | - | - | - | - | 26,642 |
| Reclamation | 23,393 | - | - | - | - | - | - | - | - | - | - | 23,393 |
| Reporting, drafting, sampling and analysis | - | 11,727 | - | - | - | - | 18,242 | - | - | - | - | 29,969 |
| Trenching | - | 1,529 | - | - | 892 | - | - | - | - | - | - | 2,421 |
| | 62,011 | 189,577 | 8,408 | 36,761 | 137,499 | 13,975 | 2,979,603 | 9,782 | - | 4,917 | 24,084 | 3,466,617 |
| **Less:** | | | | | | | | | | | | |
| Recovered exploration expenditures | (92,087) | - | - | - | (115,893) | (13,274) | - | - | - | - | - | (221,254) |
| Write-down of properties | - | - | - | - | - | (8,469) | - | - | - | - | - | (8,469) |
| **Net additions / (subtractions)** | (30,076) | 208,689 | 8,408 | 36,761 | 67,129 | 180 | 3,021,103 | 72,782 | - | 4,917 | 24,084 | 3,413,977 |
| Foreign currency translation | 1,991 | (15,751) | 178 | 1,157 | - | (66) | - | - | - | - | (18,669) | (31,160) |
| **Balance at September 30, 2021** | **$ 150,553** | **$ 544,274** | **$ 106,372** | **$ 298,487** | **$ 67,129** | **$ 23,660** | **$ 4,648,181** | **$ 330,269** | **$ (9,949)** | **$ 1,119,167** | **$ 430,236** | **$ 7,708,379** |

**5. EXPLORATION AND EVALUATION ASSETS** – continued

**USA**

a) *Horsethief (Nevada)*

On January 27, 2015, the Company signed a binding agreement to acquire eight gold properties in Nevada, USA from Sandstorm Gold Ltd. (“Sandstorm”) by issuing 150,000 shares to Sandstorm and granting a net smelter returns royalty ranging from 0.5% to 1.0%. The Company also granted Sandstorm a right of first refusal on any future metal streaming agreements on these properties. In 2015 and 2016, the Company dropped four of the gold properties. The properties retained are:

- Horsethief
- Bellview (discussed below under “Others – Bellview (Nevada)” section)
- East Walker (discussed below under “Others – East Walker (Nevada)” section)
- Ashby (discussed below under “Others – Ashby (Nevada)” section)

The Horsethief property is located in Lincoln County Nevada, northeast of Pioche. A 2% NSR is payable to a previous owner of the property from production on certain claims on the property while a 1% NSR is payable to Sandstorm on all the claims on the property.

In 2017, the Company acquired new ground by staking an additional 33 BLM lode mining claims at the Horsethief property.

On March 1, 2019, the Company entered into an option agreement with Hochschild Mining (US) Inc. (“Hochschild”) whereby Hochschild could earn up to a 70% undivided interest in the Horsethief property. During the option period, Hochschild had forwarded a total of $1,601,766 (US$1,200,814) for the Horsethief property. On November 20, 2020, Hochschild terminated the earn-in on the Horsethief project. Thus, the Company retains 100% interest in the Horsethief project.

b) *Twin Canyon (Colorado)*

On June 17, 2020, the Company acquired a lease of the Twin Canyon gold property in southwest Colorado under the following terms:

- Make cash payments of US$26,000 ($34,681) to Myron Goldstein and US$32,000 ($42,685) to Jon Thorson (paid) and issue 250,000 shares to Myron Goldstein and 250,000 shares to Jon Thorson (shares issued);
- 500,000 shares on the date that is five business days following the date that the Company, directly or indirectly, stakes any mineral claims adjacent to the property (shares issued);
- 500,000 shares on the date that is five business days following the date that the Company enters into a joint venture, option or similar agreement with a third party in respect of the property; and
- 500,000 shares on the date that is five business days following the date that the Company, directly or indirectly, commence a drill program in respect of the property.

The Company agreed to assume the terms of Myron Goldstein and Jon Thorson commitments under the lease, namely the annual lease payments of US$15,000 for ten years, with the right to extend the lease for 2 additional terms of ten years each. The original property owner has a 1.5% NSR on the property, two-thirds (1%) of which is purchasable at any time for US$1,000,000. If annual NSR payments exceed US$20,000 in a given year, the Company will not have to make the annual US$15,000 lease payment for that year.

(Presented in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS – continued

**USA** – continued

b) *Twin Canyon (Colorado)* – continued

As of March 31, 2022, the Company had spent $556,954 on advancing this property, including the acquisition costs.

c) *Klondike (Colorado)*

The Company acquired the Klondike property by staking a 100% interest in this property in Colorado.

On June 7, 2021, the Company and Cloudbreak Discovery PLC (“Cloudbreak”) entered into an Alliance Agreement. Under the terms of the Alliance Agreement, either company can introduce projects to the Strategic Alliance. Projects accepted into the Strategic Alliance will be held 50/50 but funding of the initial acquisition and any preliminary work programs will be funded 40% by the introducing partner and 60% by the other party. The initial term of the Alliance Agreement is two years and may be extended for an additional two years.

The Company and Cloudbreak agreed to accept the Klondike property as part of the Strategic Alliance. During the six months ended March 31, 2022, Cloudbreak was invoiced $11,800 (US$9,443) for reimbursements related to the Klondike property pertaining to the Strategic Alliance.

On December 3, 2021, the Company and Cloudbreak entered into an option agreement with Allied Copper Corp. (“Allied”) to explore the Klondike property. On February 1, 2022, the option agreement was amended with the following terms where the Company and Cloudbreak will each receive 50% of the option payments.

Allied can earn a 100% interest in the Klondike property by (i) financing $4.75-million in exploration over four years and (ii) issuing 7 million common shares and making cash payments totalling $400,000 over four years as follows.

| Date/Period | Expenditures | Option Payment | |
|---|---|---|---|
| | | Cash | Shares |
| On the Effective Date | None | $50,000 (received) | None |
| On the Closing Date (February 3, 2022) | None | $150,000 (received) | 2,000,000 (received) |
| On or before 1st anniversary of the Closing Date | $500,000 | None | 2,000,000 |
| On or before 2nd anniversary of the Closing Date | $750,000 | None | 3,000,000 |
| On or before 3rd anniversary of the Closing Date | $1,500,000 | $100,000 | None |
| On or before 4th anniversary of the Closing Date | $2,000,000 | $100,000 | None |

**5. EXPLORATION AND EVALUATION ASSETS** – continued

**USA** – continued

c) *Klondike (Colorado)* – continued

Upon completion of these option agreement obligations, the Strategic Alliance will transfer 100% interest in the Klondike property to Allied. Allied will also issue 3,000,000 warrants exercisable for a three-year term at a price equal to the greater of (i) $0.23 and (ii) the 10-day VWAP of Allied's common shares at the time of the issuance.

The Strategic Alliance will retain a 2% net smelter royalty which is subject to a buy down provision where Allied may, at its discretion, repurchase half of the royalty for $1,500,000 within 30 days of commercial production.

If Allied files on SEDAR an NI 43-101 technical report establishing the existence of a resource on any portion of the Klondike Property of at least 50,000,000 tonnes of either copper or copper equivalent at a minimum cut-off grade of 0.50% copper or copper equivalent and categorized as a combination of inferred resources, indicated resources and measured resources, then Allied will also issue a further 3,000,000 warrants exercisable for a three year term at a price equal to the greater of (i) $0.23 and (ii) the 10-day VWAP of Allied's common shares at the time of the issuance.

As of March 31, 2022, Allied had forwarded a total of $69,003 (US$55,220) for the Klondike property. The Company held $6,685 (US$5,350) on behalf of Allied to be spent on the Klondike property, which is recorded as restricted cash.

d) *Stateline (Colorado and Utah)*

The Company acquired the Stateline property by staking a 100% interest in this property in Colorado and Utah.

The Company and Cloudbreak agreed to accept the Stateline property as part of the Strategic Alliance. During the six months ended March 31, 2022, Cloudbreak was invoiced $18,455 (US$14,796) for reimbursements related to the Stateline property pertaining to the Strategic Alliance.

On February 9, 2022, the Company and Cloudbreak entered into an option agreement with Allied Copper Corp. ("Allied") to explore the Stateline property with the following terms where the Company and Cloudbreak will each receive 50% of the option payments:

Allied can earn a 100% interest in the Stateline property by (i) financing $3.75-million in exploration over four years and (ii) issuing 4.25 million common shares and making cash payments totalling $315,000 over three years as follows.

(Presented in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS – continued

**USA** – continued

d) *Stateline (Colorado and Utah)* – continued

| Date/Period | Expenditures | Option Payment | |
|---|---|---|---|
| | | Cash | Shares |
| On the Effective Date | None | $40,000 (received) | None |
| On the Closing Date | None | $50,000 | 500,000 |
| On or before 1st anniversary of the Closing Date | $500,000 | $50,000 | 750,000 |
| On or before 2nd anniversary of the Closing Date | $750,000 | $75,000 | 1,500,000 |
| On or before 3rd anniversary of the Closing Date | $1,000,000 | $100,000 | 1,500,000 |
| On or before 4th anniversary of the Closing Date | $1,500,000 | None | None |

The Strategic Alliance will retain a 2% net smelter royalty which is not subject to a buy down provision.

If Allied acquires additional mineral tenures within the Area of Interest (the "AOI"), it will issue the Strategic Alliance additional common shares on a sliding scale that is proportional to the area of the acquired mineral tenures. Conversely, if the Strategic Alliance acquires mineral tenures within the AOI, it will first offer them to Allied and be compensated on that same sliding scale, should Allied choose to acquire them.

As of March 31, 2022, Allied had forwarded a total of $14,433 (US$11,550) for the Stateline property. The Company held $2,726 (US$2,182) on behalf of Allied to be spent on the Klondike property, which is recorded as restricted cash.

e) *Others – Sinbad (Colorado)*

The Company acquired the Sinbad property by staking a 100% interest in this property in Colorado.

Even though the Sinbad property did not get accepted as part of the Strategic Alliance, Cloudbreak agreed to reimburse the Company $10,078 for the amounts spent on obtaining this property as of September 30, 2021 (received).

During the year ended September 30, 2021, the Company dropped off Sinbad property and wrote off $8,469.

**5. EXPLORATION AND EVALUATION ASSETS** – continued

**USA** – continued

f) *Others - Bellview (Nevada)*

The Bellview property is located in White Pine County Nevada, near the Bald Mountain Gold Mine. A 2% NSR is payable to a previous owner of the property and a 1% NSR is payable to Sandstorm from production from all the claims on the property.

g) *Others - BP (Nevada)*

On June 10, 2013, the Company purchased from Almaden Minerals Ltd. ("Almaden") the BP property in Nevada, USA. A 2% NSR is payable to Almadex Minerals Limited ("Almadex") on future production on the property after Almaden transferred the NSR right to Almadex.

In 2017, the Company acquired new ground by staking an additional 48 BLM lode mining claims at the BP property.

h) *Others – Ashby (Nevada)*

On August 2, 2017, the Company signed an exploration lease agreement to lease the Ashby gold property to Nevada Canyon Gold Corp. ("Nevada Canyon"). Under the terms of the agreement, Nevada Canyon made a US$1,000 payment on signing, will make annual payments of US$2,000 and will grant a 2% Net Smelter Royalty ("NSR") on future production from the Lazy 1-3 claims comprising the Ashby property. Nevada Canyon will also be responsible for all claim fees and certain reclamation work to be undertaken on the property. The initial term of the lease is 10 years and can be extended for an additional 20 years.

During the year ended September 30, 2021, Nevada Canyon reimbursed the Company $3,196 which includes US$543 for the 2021 annual property claim fee and US$2,000 for the 2021 annual payment.

i) *Others – East Walker (Nevada)*

The East Walker property is located in Lyon County, west of Hawthorne. A 2% NSR is payable to a previous owner of the property from production from some claims on the property.

**5. EXPLORATION AND EVALUATION ASSETS** – continued

**Canada**

j) *Haldane (Yukon)*

On March 2, 2018, the Haldane property was purchased from Equity Exploration Consultants Ltd. ("Equity"), and is located in Yukon Territory, Canada. Equity has a 2% NSR royalty on the Haldane property.

The Company purchased the Haldane property from Equity for the following consideration:

- issue 2 million shares to Equity upon receipt of TSX-Venture approval (shares issued);
- make two staged cash payments of $50,000 each to Equity by June 30, 2018 (paid) and June 30, 2019 (paid);
- make a final $100,000 cash payment or issue the number of shares of equivalent value at the Company's election, on June 30, 2019 ($25,000 paid and shares of $75,000 issued); and
- make bonus share payments to Equity:
  - issue 250,000 shares to Equity upon the public disclosure of a Measured Mineral Resource (as such term is defined in National Instrument 43-101- Standards of Disclosure for Mineral Projects) of 5 million oz silver-equivalent at 500g/t silver-equivalent; and
  - 500,000 shares to be issued upon the decision to commence construction of a mine or processing plant.

On April 12, 2018, the Company purchased the Nur, Clarkston and Fara claims which are contiguous to and grouped with the Haldane property from the estate of Yukon prospector John Peter Ross (the "Estate") for the following consideration:

- issue 100,000 shares to the Estate upon receipt of TSX-Venture approval (shares issued);
- make cash payment of $10,000 to the Estate by June 30, 2018 (paid);
- make cash payment of $20,000 (paid) and issue 125,000 shares (issued) to the Estate by April 12, 2019;
- make cash payment of $20,000 (paid) and issue 125,000 shares (issued) to the Estate by April 12, 2020;
- make cash payment of $25,000 (paid) and issue 150,000 shares (issued) to the Estate by April 12, 2021; and
- make bonus share payments to the Estate as follows:
  - issue 250,000 shares to the Estate upon the public disclosure of a Measured Mineral Resource (as such term is defined in National Instrument 43-101- Standards of Disclosure for Mineral Projects) of 5 million oz silver-equivalent at 500g/t silver-equivalent; and
  - 500,000 shares to be issued upon the decision to commence construction of a mine or processing plant.

As of March 31, 2022, the Company had spent $4,841,425 on advancing this property.

(Presented in Canadian Dollars)

**5. EXPLORATION AND EVALUATION ASSETS** – continued

**Canada** – continued

k) *KRL (British Columbia)*

On September 1, 2018, the Company optioned the KRL property from prospector Bernie Kreft ("Kreft"), and is located in British Columbia's prolific Golden Triangle, Canada. Kreft has a 1% NSR royalty on the KRL property.

The Company optioned the KRL property from Kreft for the following consideration:

- make cash payments of $10,000 (paid) and issue 100,000 shares to Kreft upon receipt of TSX-Venture approval (issued);
- make cash payments of $15,000 to Kreft by October 15, 2018 (paid);
- make cash payments of $5,000 by October 31, 2019 (paid) and a further $20,000 by January 1, 2020 (paid) and issue 100,000 shares (issued) to Kreft by September 30, 2019;
- make cash payments of $50,000 (paid) and issue 200,000 shares (issued) to Kreft by September 30, 2020;
- make cash payments of $50,000 (paid) and issue 200,000 shares (issued) to Kreft by September 30,2021;
- make cash payments of $100,000 and issue 200,000 shares to Kreft by September 30,2022; and
- make bonus share payments to Kreft as follows:
  - issue additional shares upon the disclosure of an NI43-101 inferred resource estimate equal to 1 share per ounce of inferred resource, to a maximum of 350,000 shares; and
  - 500,000 shares to be issued on the commencement of commercial production.

As of March 31, 2022, the Company had spent $332,984 on advancing this property.

l) *Others – Tim (Yukon)*

On January 24, 2020, the Company entered into an option agreement with a wholly owned subsidiary of Coeur Mining Inc. ("Coeur") to explore the Tim property in southern Yukon.

Coeur can earn an initial 51% interest in the Tim property by (i) financing $3.55-million in exploration over five years and (ii) making scheduled cash payments totalling $275,000 over five years as follows.

| Date/Period | Expenditures | Option Payment |
|---|---|---|
| On the Effective Date | None | $10,000 (received) |
| On or before 1st anniversary of the Class 1 Notification Date | $50,000 | $15,000 (received) |
| On or before e 2nd anniversary of the Class 1 Notification Date | $500,000 | $25,000 (received) |
| On or before 3rd anniversary of the Class 1 Notification Date | $500,000 | $50,000 |
| On or before 4th anniversary of the Class 1 Notification Date | $1,000,000 | $75,000 |
| On or before 5th anniversary of the Class 1 Notification Date | $1,500,000 | $100,000 |

(*) Class 1 Notification Date is December 16, 2020.

(Presented in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS – continued

**Canada** – continued

l) *Others – Tim (Yukon)* - continued

After earning an initial 51% interest in the property, to increase its interest to 80%, Coeur must finance a feasibility study and notify the Company of its intention to develop a commercial mine on the property on or before the eighth anniversary from the date of notification of the Class 1 exploration permit, as well as pay an additional $300,000 to the Company as follows:

| Date/Period | Option Payment |
|---|---|
| On or before 6th anniversary of the Class 1 Notification Date | $100,000 |
| On or before 7th anniversary of the Class 1 Notification Date | $100,000 |
| On or before 8th anniversary of the Class 1 Notification Date | $100,000 |

In 2010, the Company acquired the White River property through staking. The White River property is located in the Yukon Territory, northwest of Whitehorse.

On July 23, 2007, the Company purchased from Almaden certain properties in the Yukon and Almaden assigned the 2% NSR royalty on future production from these mineral claims to Almadex:

- Goz Creek – located 180 kilometers north east of Mayo, Yukon.
- MOR – located 35 kilometers east of Teslin, Yukon and is 1.5 kilometers north of the paved Alaska Highway.

As of March 31, 2022, the Company had spent $1,069,218 on advancing these properties, net of recoveries.

**Peru**

On April 29, 2015, the Company acquired the Yanac property which is located in Chincha region of the Department of Ica, south-central Peru.

m) *Yanac*

On February 27, 2013, Cliffs Natural Resources Exploration Inc., a wholly owned subsidiary of Cliffs Natural Resources Inc. (“Cliffs”) and the Company’s wholly-owned subsidiary entered into a Limited Liability Company Membership Agreement (“agreement”) in respect of the Yanac property. In December 2015, Cliffs’ interest in Yanac was acquired by 50 King Capital Exploration Inc. (“50 King”), a private company, which took over all previous obligations of Cliffs.

On July 6, 2016, 50 King terminated the agreement, retaining only a 0.5% net smelter royalty (“NSR”) on the Yanac property based on prior expenditures and transferred the ownership of the property back to the Company.

As of March 31, 2022, the Company had spent $441,080 on advancing this property.

**Mexico**

The Company holds a 1% Net Smelter Royalty on certain Mexican properties which is capped at $1,000,000.

## 6. DEPOSITS

As of March 31, 2022, the Company has a US$12,000 ($14,995) performance bond with the State of Colorado Board of Land Commissioners for the Klondike property and Twin Canyon property (September 30, 2021 - $12,741) and a $14,921 reclamation bond with the Ministry of Energy, Mines and Low Carbon Innovation for the KRL property (September 30, 2021 - $14,921).

## 7. SHARE CAPITAL

a) Authorized:

As at March 31, 2022, the authorized share capital is comprised of an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series. All issued shares are fully paid.

b) Issued:

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

i) Completed a non-brokered private placement on October 9, 2020 by issuing 7,670,370 non-flow-through units (“Unit”) at a price of $0.135 per Unit for gross proceeds of $1,035,500 and 13,881,130 flow-through shares (“FT Share”) at a price of $0.155 per FT Share for gross proceeds of $2,151,575. Each Unit consists of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a 24-month period at a price of $0.20. In connection with the financing, the Company paid $199,868 as a cash finder’s fee and issued 1,339,036 finder’s warrants, each of which is exercisable into one common share at a price of $0.135 for a period of 24 months. The value of the finder’s warrants was determined to be $109,533 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company recorded a flow-through premium liability of $277,623 and incurred additional share issue costs of $41,371 in connection with this financing.

ii) Completed a non-brokered private placement on June 14, 2021 by issuing 10,510,333 flow-through shares (“FT Share”) at a price of $0.12 per FT Share for gross proceeds of $1,261,240. In connection with the financing, the Company paid $79,870 as a cash finder’s fee and issued 665,583 finder’s warrants, each of which is exercisable into one common share at a price of $0.12 for a period of 24 months. The value of the finder’s warrants was determined to be $44,394 and was calculated using the Black-Scholes option pricing model. The Company recorded a flow-through premium liability of $105,103 and incurred additional share issue costs of $27,106 in connection with this financing.

iii) Issued 150,000 common shares to the Estate at a price of $0.11 per share for a total consideration of $16,500 to pay for the Haldane property (see Note 5).

iv) Issued 200,000 common shares to Kreft at a price of $0.065 per share for a total consideration of $13,000 to pay for the KRL property (see Note 5).

v) Issued common shares pursuant to the exercise of 56,100 finder’s warrants and 6,240,000 warrants for cash proceeds of $626,805.

(Presented in Canadian Dollars)

## 8. STOCK OPTIONS AND WARRANTS

a) Stock option compensation plan

The Company grants stock options to directors, officers, employees and consultants pursuant to the Company's Stock Option Plan (the "Plan"). The number of options that may be issued pursuant to the Plan are limited to 10% of the Company's issued and outstanding common shares and to other restrictions with respect to any single participant (not greater than 5% of the issued common shares) or any one consultant (not greater than 2% of the issued common shares).

Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than one quarter of the options vesting in any 3-month period.

Vesting provisions may also be applied to other option grants, at the discretion of the directors. Options issued pursuant to the Plan will have an exercise price as determined by the directors, and permitted by the TSX-V, at the time of the grant. Options have a maximum expiry date of 5 years from the grant date.

Stock option transactions and the number of stock options for the six months ended March 31, 2022 are summarized as follows:

| Expiry date | Exercise price | September 30, 2021 | Granted | Exercised | Expired / cancelled | March 31, 2022 |
|---|---|---|---|---|---|---|
| March 14, 2023 | $0.10 | 840,000 | - | - | - | 840,000 |
| July 30, 2024 | $0.10 | 1,725,000 | - | - | - | 1,725,000 |
| October 15, 2025 | $0.14 | 2,005,000 | - | - | - | 2,005,000 |
| January 18, 2027 | $0.10 | - | 5,800,000 | - | - | 5,800,000 |
| March 17, 2027 | $0.10 | - | 500,000 | - | - | 500,000 |
| Options outstanding | | 4,570,000 | 6,300,000 | - | - | 10,870,000 |
| Options exercisable | | 4,570,000 | 6,300,000 | - | - | 10,870,000 |
| Weighted average exercise price | | $0.12 | $0.10 | $Nil | $Nil | $0.11 |

As at March 31, 2022, the weighted average contractual remaining life of options is 3.89 years (September 30, 2021 – 3.11 years). The weighted average fair value of stock options granted during the six months ended March 31, 2022 was $0.06 (2021 - $0.10).

Stock option transactions and the number of stock options for the year ended September 30, 2021 are summarized as follows:

| Expiry date | Exercise price | September 30, 2020 | Granted | Exercised | Expired / cancelled | September 30, 2021 |
|---|---|---|---|---|---|---|
| April 29, 2021 | $0.25 | 100,000 | - | - | (100,000) | - |
| September 30, 2021 | $0.15 | 1,245,000 | - | - | (1,245,000) | - |
| March 14, 2023 | $0.10 | 840,000 | - | - | - | 840,000 |
| July 30, 2024 | $0.10 | 1,725,000 | - | - | - | 1,725,000 |
| October 15, 2025 | $0.14 | - | 2,005,000 | - | - | 2,005,000 |
| Options outstanding | | 3,910,000 | 2,005,000 | - | (1,345,000) | 4,570,000 |
| Options exercisable | | 3,910,000 | 2,005,000 | - | (1,345,000) | 4,570,000 |
| Weighted average exercise price | | $0.12 | $0.14 | $Nil | $0.16 | $0.12 |

(Presented in Canadian Dollars)

## 8. STOCK OPTIONS AND WARRANTS - continued

a) Stock option compensation plan - continued

The weighted average assumptions used to estimate the fair value of options for the six months ended March 31, 2022 and 2021 were as follows:

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Risk-free interest rate | 1.32% - 1.34% | 1.29% |
| Expected life | 5 years | 5 years |
| Expected volatility | 104.30% - 104.41% | 101.56% |
| Expected dividend yield | nil | nil |

b) Warrants

The continuity of warrants for the six months ended March 31, 2022 is as follows:

| Expiry date | Exercise price | September 30, 2021 | Issued | Exercised | Expired | March 31, 2022 |
|---|---|---|---|---|---|---|
| July 9, 2022 | $0.10 | 11,350,000 | - | - | - | 11,350,000 |
| October 9, 2022 | $0.20 | 3,835,186 | - | - | - | 3,835,186 |
| February 25, 2023 | $0.10 | 19,100,000 | - | - | - | 19,100,000 |
| Outstanding | | 34,285,186 | - | - | - | 34,285,186 |
| Weighted average exercise price | | $0.11 | $Nil | $Nil | $Nil | $0.11 |

As at March 31, 2022, the weighted average contractual remaining life of warrants is 0.65 years (September 30, 2021 – 1.15 years).

The continuity of warrants for the year ended September 30, 2021 is as follows:

| Expiry date | Exercise price | September 30, 2020 | Issued | Exercised | Expired | September 30, 2021 |
|---|---|---|---|---|---|---|
| December 24, 2020 | $0.10 | 4,400,000 | - | (3,300,000) | (1,100,000) | - |
| July 9, 2022 | $0.10 | 12,600,000 | - | (1,250,000) | - | 11,350,000 |
| February 25, 2023 | $0.10 | 20,790,000 | - | (1,690,000) | - | 19,100,000 |
| October 9, 2022 | $0.20 | - | 3,835,186 | - | - | 3,835,186 |
| Outstanding | | 37,790,000 | 3,835,186 | (6,240,000) | (1,100,000) | 34,285,186 |
| Weighted average exercise price | | $0.10 | $0.20 | $0.10 | $0.10 | $0.11 |

c) Finder's warrants

The continuity of finder's warrants for the six months ended March 31, 2022 is as follows:

| Expiry date | Exercise price | September 30, 2021 | Issued | Exercised | Expired | March 31, 2022 |
|---|---|---|---|---|---|---|
| October 9, 2022 | $0.135 | 1,339,036 | - | - | - | 1,339,036 |
| June 14, 2023 | $0.12 | 665,583 | - | - | - | 665,583 |
| Outstanding | | 2,004,619 | - | - | - | 2,004,619 |
| Weighted average exercise price | | $0.13 | $Nil | $Nil | $Nil | $0.13 |

As at March 31, 2022, the weighted average contractual remaining life of finder's warrants is 0.75 years (September 30, 2021 – 1.25 years).

(Presented in Canadian Dollars)

## 8. STOCK OPTIONS AND WARRANTS – continued

c) Finder's warrants – continued

The continuity of finder's warrants for the year ended September 30, 2021 is as follows:

| Expiry date | Exercise price | September 30, 2020 | Issued | Exercised | Expired | September 30, 2021 |
|---|---|---|---|---|---|---|
| February 25, 2021 | $0.05 | 806,100 | - | (56,100) | (750,000) | - |
| October 9, 2022 | $0.135 | - | 1,339,036 | - | - | 1,339,036 |
| June 14, 2023 | $0.12 | - | 665,583 | - | - | 665,583 |
| Outstanding | | 806,100 | 2,004,619 | (56,100) | (750,000) | 2,004,619 |
| Weighted average exercise price | | $0.05 | $0.13 | $0.05 | $0.15 | $0.13 |

The weighted average assumptions used to estimate the fair value of finder's warrants for the six months ended March 31, 2022 and 2021 were as follows:

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Risk-free interest rate | n/a | 1.27% |
| Expected life | n/a | 2 year |
| Expected volatility | n/a | 119.31% |
| Expected dividend yield | n/a | nil |

## 9. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the six months ended March 31, 2022

| | Short-term employee benefits | Post-employment benefits | Other long-term benefits | Termination benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|
| Jason Weber<br>Chief Executive Officer, Director | $ 81,000 | $ Nil | $ Nil | $ Nil | $ 59,000 | $ 140,000 |
| Rob Duncan<br>VP of Exploration | $ 75,000 | $ Nil | $ Nil | $ Nil | $ 44,250 | $ 119,250 |
| Winnie Wong<br>Chief Financial Officer | $ Nil | $ Nil | $ Nil | $ Nil | $ 29,500 | $ 29,500 |
| Marc G. Blythe<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 29,500 | $ 29,500 |
| Mark T. Brown<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 44,250 | $ 44,250 |
| Craig Lindsay<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 29,500 | $ 29,500 |
| John Wilson<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 14,750 | $ 14,750 |
| Sven Gollan<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 23,100 | $ 23,100 |

(Presented in Canadian Dollars)

**9. RELATED PARTY TRANSACTIONS** – continued

For the six months ended March 31, 2021

| | Short-term employee benefits | Post-employment benefits | Other long-term benefits | Termination benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|
| Jason Weber<br>Chief Executive Officer, Director | $ 81,000 | $ Nil | $ Nil | $ Nil | $ 30,270 | $ 111,270 |
| Rob Duncan<br>VP of Exploration | $ 75,000 | $ Nil | $ Nil | $ Nil | $ 30,270 | $ 105,270 |
| Winnie Wong<br>Chief Financial Officer | $ Nil | $ Nil | $ Nil | $ Nil | $ 20,180 | $ 20,180 |
| Marc G. Blythe<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 20,180 | $ 20,180 |
| Mark T. Brown<br>Director [(a)] | $ Nil | $ Nil | $ Nil | $ Nil | $ 30,270 | $ 30,270 |
| Craig Lindsay<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 20,180 | $ 20,180 |
| John Wilson<br>Director | $ Nil | $ Nil | $ Nil | $ Nil | $ 20,180 | $ 20,180 |

Related party transactions and balances

| | | Six months ended | | Balance due | |
|---|---|---|---|---|---|
| | Services | March 31, 2022 | March 31, 2021 | As at March 31, 2022 | As at September 30, 2021 |
| Amounts due to: | | | | | |
| Jason Weber | Consulting fee and share-based payment | $ 140,000 | $ 111,270 | $ 17,036 | $ Nil |
| Rob Duncan | Consulting fee and share-based payment | $ 119,250 | $ 105,270 | $ 4,546 | $ Nil |
| Pacific Opportunity Capital Ltd. [(a)] | Accounting, financing, and shareholder communication services | $ 106,500 | $ 100,745 | $ 266,202 | $ 214,731 |
| TOTAL: | | $ 365,750 | $ 317,285 | $ 287,784 | $ 214,731 |

(a) The president of Pacific Opportunity Capital Ltd., a private company, is a director of the Company.

(Presented in Canadian Dollars)

## 10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the six months ended March 31, 2022 were as follows:

- As of March 31, 2022, a total of $31,914 in exploration and evaluation asset costs was included in accounts payable and accrued liabilities and $4,546 in exploration and evaluation asset costs was included in due to related parties;
- As of March 31, 2022, a total of $32,750 in share issue costs was included in due to related parties; and
- The Company recorded $225,000 in marketable securities related to the shares received for the Klondike property.

The significant non-cash investing and financing transactions during the six months ended March 31, 2021 were as follows:

- As at March 31, 2021, a total of $17,102 in exploration and evaluation asset costs was included in accounts payable and accrued liabilities and a total of $6,961 in exploration and evaluation costs was included in prepaid expenses;
- As at March 31, 2021, a total of $47,750 in share issue costs was included in due to related parties; and $2,678 in share issue costs was included in accounts payable and accrued liabilities
- The Company recorded $109,533 in share issue costs related to the issue of finder's warrants pursuant to the private placement financing completed; and
- The Company recorded $1,828 in share capital related to the reclassification of the fair values of finder's warrants exercised from reserves.

## 11. SEGMENTED INFORMATION

The Company has one reportable operating segment, that being the acquisition and exploration of mineral properties. Geographical information is as follows:

| | March 31,2022 | September 30, 2021 |
|---|---|---|
| Non-current assets | | |
| USA | 1,170,279 | 1,203,216 |
| Peru | 480,877 | 466,288 |
| Canada | 6,258,548 | 6,102,589 |
| | $ 7,909,704 | $ 7,772,093 |

## 12. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, market risk and commodity price risk.

(a) Currency risk

The Company's property interests in Peru and USA make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. The Company's exploration program, some of its general and administrative expenses and financial instruments denoted in a foreign currency are exposed to currency risk. A 10% change in the Peruvian nuevo sol and US dollar over the Canadian dollar would not significantly affect the Company.

**12. FINANCIAL INSTRUMENTS** – continued

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to the liquidity of its cash. The Company limits exposure to credit risk by maintaining its cash with a large Canadian financial institution.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company does not have sufficient cash to settle its current liabilities, and further funding will be required to meet the Company's short-term and long-term operating needs. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

(d) Market risk

Market risks to which the Company is exposed include unfavorable movements in commodity prices, interest rates, and foreign exchange rates. As at March 31, 2022, the Company has no producing assets and holds the majority of its cash in secure, Canadian dollar-denominated deposits. Consequently, its exposure to these risks has been significantly reduced, but as the Company redeploys its cash, exposure to these risks may increase. The objective of the Company is to mitigate exposure to these risks while maximizing returns.

The Company owns available-for-sale marketable securities in the mineral resource sector. Changes in the future pricing and demand of commodities can have a material impact on the market value of the investments. The nature of such investments is normally dependent on the invested company being able to raise additional capital to further develop and to determine the commercial viability of its resource properties. Management mitigates the risk of loss resulting from this concentration by monitoring the trading value of the investments on a regular basis.

i) Interest rate risk

As at March 31, 2022, the Company's exposure to movements in interest rates was limited to potential decreases in interest income from changes to the variable portion of interest rates for its cash. Market interest rates in Canada are at historically low levels, so management does not consider the risk of interest rate declines to be significant, but should such risks increase the Company may mitigate future exposure by entering into fixed-rate deposits. A 1% change in the interest rate, with other variables unchanged, would not significantly affect the Company.

(Presented in Canadian Dollars)

**12. FINANCIAL INSTRUMENTS** – continued

(d) Market risk – continued

ii) Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company may maintain cash and other financial instruments, or may incur revenues and expenditures in currencies other than the Canadian dollar. Significant changes in the currency exchange rates between the Canadian dollar relative to these foreign currencies, which may include but are not limited to US dollars and Peruvian nuevo sol, could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

(e) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of minerals such as gold, zinc, lead and copper. The Company's input costs are also affected by the price of fuel. The Company closely monitors mineral and fuel prices to determine the appropriate course of action to be taken by the Company.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

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

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

Marketable securities are measured using lever 1 inputs.

The following table sets forth the Company's financial assets measured at amortized cost by level within the fair value hierarchy.

| As at March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | | | | |
| Cash | $ 44,520 | $ - | $ - | $ 44,520 |
| Restricted cash | 9,411 | - | - | 9,411 |

| As at September 30, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | | | | |
| Cash | $ 412,676 | $ - | $ - | $ 412,676 |

## 13. MANAGEMENT OF CAPITAL RISK

The Company considers items included in shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's approach to managing capital remains unchanged from the year ended September 30, 2021.

## 14. CONTINGENT LIABILITIES

As a result of the administrative practices with respect to mining taxation in Mexico, there can be significant uncertainty, in regards to when, or if, taxes are payable and the amount that may ultimately be payable. As at September 30, 2015, Mexican claim taxes totalling approximately $766,000 had been levied. Of this amount, $563,000 ($193,000 for 2014 and $370,000 for 2015) related to properties that were held by Minera Tarsis, S.A. de C.V., which the Company had applied to wind up, and $203,000 ($63,000 for 2014 and $140,000 for 2015) related to properties being acquired. On February 16, 2016, the Company sold all its Mexican properties, Yago, Mezquites and San Pedro, to Almadex, and reduced the claim taxes to $173,783. These taxes will never be paid in full and any amount that will, or might, be payable cannot realistically be determined at this time. Accordingly, these taxes have been disclosed as a contingent liability, and not recognized as a liability or provision.

## 15. EVENT AFTER THE REPORTING PERIOD

On May 13, 2022, the Company announced that its non-brokered private placement of 10,000,000 units ("Unit") at a price of $0.075 per Unit for gross proceeds of $750,000 was fully subscribed. Each Unit will consist of one common share and one-half common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share for a 36-month period at a price of $0.125.