Azincourt Energy Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended June 30, 2022 and 2021

Unaudited – Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

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

Azincourt Energy Corp.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
In Canadian Dollars

ASSETS		June 30, 2022		September 30, 2021
Current				
Cash	$	10,583,278	$	10,477,865
Amounts receivable		368,279		68,517
Prepaid expenses		425,227		395,502
		11,376,784		10,941,884
Mineral Properties (Note 4)		4,369,815		3,914,815
	$	15,746,599	$	14,856,699

LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 7)	$	129,967	$	831,533
Flow-through share liability (Note 5)		315,813		448,338
		445,780		1,279,871

SHAREHOLDERS' EQUITY				
Share Capital (Note 5)		26,438,763		20,876,826
Reserves (Note 5)		14,323,853		10,138,388
Deficit		(25,461,797)		(17,438,386)
		15,300,819		13,576,828
	$	15,746,599	$	14,856,699

Nature of Operations and Going Concern *(Note 1)*

Approved by the Board of Directors:

"Paul Reynolds" *"Terrence O'Connor"*

Paul Reynolds, Director Terrence O'Connor, Director

\- See Accompanying Notes -

Azincourt Energy Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended June 30, 2022 and 2021

Unaudited – Prepared by Management
In Canadian Dollars

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Expenses				
Advertising	$ 180,760	$ 40,900	$ 329,863	$ 61,900
Audit and accounting	25,890	10,500	76,090	44,093
Communication and media	94,476	52,652	309,723	70,840
Consulting and directors' fees (Note 7)	229,697	176,175	598,425	702,416
Exploration and evaluation costs (Note 4c))	593,453	85,039	4,532,457	1,029,516
Filing and transfer agent fees	28,542	25,223	70,630	46,690
Foreign exchange (gain)/loss	-	-	1,357	-
Insurance	1,896	1,515	5,686	4,545
Investor relations	153,694	9,455	434,092	38,257
Legal	2,414	5,065	32,348	7,645
Marketing	195,250	110,207	850,751	234,173
Office and administration	46,321	35,442	124,060	115,386
Property investigation costs	230,500	-	362,698	-
Rent	3,000	3,000	9,000	4,000
Share-based compensation (Note 5f))	-	-	877,000	262,836
Total Expenses	(1,785,893)	(555,173)	(8,614,180)	(2,622,297)
Other Income				
Interest income	20,085	2,157	34,431	2,157
Other income (Note 5c))	39,067	6,200	556,338	97,810
Net loss and comprehensive loss for the period	$ (1,726,741)	$ (546,816)	$ (8,023,411)	$ (2,522,330)
Loss per share – basic and diluted	$ (0.01)	$ (0.00)	$ (0.04)	$ (0.02)
Weighted average number of common shares outstanding	227,355,328	137,851,761	204,578,807	108,240,148

– See Accompanying Notes –

Azincourt Energy Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended June 30, 2022 and 2021

Unaudited – Prepared by Management
In Canadian Dollars

Cash Provided By (Used In):	2022	2021
Operations:		
Loss for the period	$ (8,023,411)	$ (2,522,330)
Items not affecting cash:		
Share-based compensation	877,000	262,836
Other income	(556,338)	(97,810)
Change in non-cash working capital:		
Amounts receivable	(299,762)	(115,196)
Prepaid expenses	(29,725)	(350,094)
Accounts payable and accrued liabilities	85,074	(117,089)
	(7,947,162)	(2,939,683)
Investing:		
Mineral property acquisition costs	(205,000)	(200,000)
Financing:		
Proceeds from issuance of shares	8,753,670	5,741,500
Share issuance costs	(1,234,295)	(205,263)
Exercise of options	125,000	280,000
Exercise of warrants	613,200	724,126
	8,257,575	6,540,363
Net increase (decrease) in cash	105,413	3,400,680
Cash - beginning of period	10,477,865	722,125
Cash - end of period	$ 10,583,278	$ 4,122,805

- See Accompanying Notes -

Azincourt Energy Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

In Canadian Dollars

	Share Capital		Reserves			
	Shares*	Amount $	Warrants $	Options $	Deficit $	Total $
Balance, September 30, 2020	79,813,100	13,276,471	3,194,289	1,033,954	(14,075,121)	3,429,593
Loss for the year	-	-	-	-	(3,363,265)	(3,363,265)
Private placements – flow-through	22,887,668	3,748,581	-	-	-	3,748,581
Flow-through liability	-	(533,238)	-	-	-	(533,238)
Relative fair value of warrants	-	(1,342,342)	1,342,342	-	-	-
Private placements – non flow-through	57,454,395	8,397,919	-	-	-	8,397,919
Relative fair value of warrants	-	(3,610,919)	3,610,919	-	-	-
Fair value of finders' fee warrants	-	(948,000)	948,000	-	-	-
Shares issued as finders' fees	2,168,357	-	-	-	-	-
Shares issued to acquire mineral properties	4,000,000	950,000	-	-	-	950,000
Share issue costs	-	(741,904)	-	-	-	(741,904)
Exercise of options	2,540,000	317,500	-	-	-	317,500
Fair value of options	-	207,120	-	(207,120)	-	-
Exercise of warrants	5,027,462	879,806	-	-	-	879,806
Fair value of warrants	-	275,832	(275,832)	-	-	-
Share-based compensation	-	-	-	491,836	-	491,836
Balance, September 30, 2021	173,890,982	20,876,826	8,819,718	1,318,670	(17,438,386)	13,576,828
Loss for the period	-	-	-	-	(8,023,411)	(8,023,411)
Private placements – flow-through	33,904,999	6,676,000	-	-	-	6,676,000
Flow-through liability	-	(423,813)	-	-	-	(423,813)
Relative fair value of warrants	-	(2,353,188)	2,353,188	-	-	-
Private placements – non flow-through	11,872,399	2,077,670	-	-	-	2,077,670
Relative fair value of warrants	-	(844,670)	844,670	-	-	-
Fair value of finders' fee warrants	-	(402,000)	402,000	-	-	-
Shares issued as finders' fees	410,000	-	-	-	-	-
Shares issued to settle debt	1,666,666	250,000	-	-	-	250,000
Shares issued to acquire mineral properties	1,135,073	250,000	-	-	-	250,000
Share issue costs	-	(697,655)	-	-	-	(697,655)
Exercise of options	1,000,000	125,000	-	-	-	125,000
Fair value of options	-	104,318	-	(104,318)	-	-
Exercise of warrants	3,504,000	613,200	-	-	-	613,200
Fair value of warrants	-	187,075	(187,075)	-	-	-
Share-based compensation	-	-	-	877,000	-	877,000
Balance, June 30, 2022	227,384,119	26,438,763	12,232,501	2,091,352	(25,461,797)	15,300,819

*The number of common shares outstanding have been restated to reflect the effect of share consolidation on a two and one half (2.5) to one (1) basis.

– See Accompanying Notes –

1. Nature of Operations and Going Concern

Azincourt Energy Corp. (the "Company") was incorporated on April 7, 2011, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The head office, principal address, and records office of the Company are located at 800 West Pender Street, Suite 1430, Vancouver, British Columbia, V6C 2V6, Canada.

On April 21, 2022, the Company effected a consolidation of its common shares on a two and one half (2.5) for one (1) basis (the "Share Consolidation"). All shares and per share amounts have been retroactively restated to account for the Share Consolidation.

The recoverability of amounts shown as mineral property interests is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these condensed consolidated interim financial statements.

These consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At June 30, 2022, the Company had not achieved profitable operations and had an accumulated deficit of $25,461,797. These consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company estimates it has available financial resources to continue for the upcoming 12 months.

2. Basis of Presentation

a) Statement of compliance

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

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited financial statements for the year ended September 30, 2021.

2. Basis of Presentation - *Continued*

c) Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Minera Azincourt Energy S.A.C., incorporated on January 12, 2022, in Peru.

d) Approval of the Financial Statements

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 29, 2022.

e) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of the Company's subsidiary does not differ from that of the parent company.

f) Critical accounting judgments and estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include recoverability and impairment of mineral property and the valuation of share-based payments.

Significant estimates that have the most significant effect on the amounts recognized in the financial statements are as follows:

<u>Recoverability of capitalized mineral property costs</u>

The Company capitalizes mineral property acquisition costs that are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's capitalized mineral property costs is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the greater of: fair value less costs to sell and value in use.

2. Basis of Presentation - *Continued*

f) Critical Accounting Judgments and Estimates – *Continued*

Share-based payments

The Company uses Black-Scholes to calculate the fair value stock options and of common share purchase warrants issued. Black Scholes requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants. The assumptions used for estimating fair value of stock options and common share purchase warrants are disclosed in Note 5.

Critical judgments in applying the Company's accounting policies include the determination of the Company's ability to continue as a going concern (Note 1).

3. Recent Accounting Pronouncements

Other recent accounting pronouncements issued by IFRS as issued by IASB and IFRIC did not, or are not believed by management to, have a material impact on the Company's present or future financial position, results of operations or cash flows.

In Canadian Dollars

4. Mineral Properties

East Preston Property, Saskatchewan, Canada

The Company has earned an undivided 70% interest in the East Preston Property, located in Saskatchewan pursuant to an Option Agreement with Skyharbour Resources Ltd. ("Skyharbour") and Dixie Gold Inc. ("Dixie Gold") (formerly Clean Commodities Corp.) dated March 27, 2017. The following consideration and work obligations were performed:

Date	Consideration	Work Obligation
On execution of Option Agreement (paid)	$ 150,000	$ Nil
On or before March 27, 2018 (paid and completed)	150,000	250,000
On or before March 27, 2019 (paid and completed)	300,000(1)	750,000(2)
On or before March 27, 2021(completed)	-	1,500,000(4)
On or before March 31, 2021(paid)	400,000(3)	-
TOTAL	$ 1,000,000	$ 2,500,000

(1)$150,000 was paid to Dixie Gold. In lieu of paying $150,000 to Skyharbour, the Company paid $50,000 and issued 800,000 common with a fair value of $100,000.

(2)1,600,000 common shares with a value of $200,000 were issued to a third party for repayment of exploration expenditures paid on behalf of the Company.

(3) On April 7, 2020, the agreement was amended to extend the due date of the $400,000 payment to March 31, 2021. In consideration for the extension, the Company issued 1,000,000 common shares each to Skyharbour and Dixie Gold at $0.125 per share valued at $250,000. $200,000 cash option payment was paid to Dixie Gold as at September 30, 2021. On February 12, 2021, the Company amended its agreement with Skyharbour whereby in lieu of paying $200,000 of cash, the Company would pay exploration expenditures on the property of up to $200,000 and any deficiency by March 31, 2021 would be paid in cash. Total work expenditures paid by the Company as at March 31, 2021 were $108,830 which was recorded as exploration and evaluation costs and the remaining $91,170 was paid in cash as option payment during the year ended September 30, 2021.

(4) On April 15, 2020, the agreement was amended to extend the due date of the $1,500,000 work obligation to March 27, 2021.

The property is subject to a 2% NSR royalty on commercial production and a Right of First Refusal of any future proposed sale of the property.

In Canadian Dollars

4. Mineral Properties – *Continued*

ELC Property, Peru

On September 5, 2018, and amended on October 16, 2019, July 29, 2020 and on February 3, 2021, the Company entered into an option agreement with 1177865 BC Ltd. whereby the Company may earn an undivided 100% interest in the ELC Property, located in Peru. The following cash payments were made and common shares were issued to acquire the property:

Date	Cash Payments	Common Shares
On grant of the Option (completed)	$ 100,000	1,600,000(1)
By November 15, 2019 (issued)	Nil	2,000,000(2)
By August 15, 2020 (issued)	Nil	2,400,000(3)
By February 28, 2021 (issued)	Nil	4,000,000(4)
TOTAL	$ 100,000	10,000,000

(1) issued at a value of $300,000
(2) issued at a value of $125,000
(3) issued at a value of $150,000
(4) issued as at value of $950,000

The Company now owns a 100% interest in the property. The property is subject to a 1.5% NSR royalty on commercial production. In connection with the option agreement, the Company paid $64,750 of advisory fees.

Hatchet Lake Property, Saskatchewan, Canada

On November 9, 2021, the Company entered into an option agreement with ValOre Metals Corp. ("ValOre") to earn up to 75% interest in the Hatchet Lake Uranium Property ("Hatchet Lake") which consists of six mineral claims located in Saskatchewan, Canada. Pursuant to the agreement, the Company will make staged cash payments, issue common shares and incur certain exploration expenditures as follows:

Date	Cash Payments	Common Shares*	Work Obligation
Upon grant of the Option (paid and issued)	$ 100,000	$ 250,000(1)	$ Nil
On or before November 9, 2022	250,000	500,000	1,000,000
On or before November 9, 2023	250,000	500,000	1,000,000
On or before November 9, 2024	250,000	500,000	2,000,000
TOTAL	$ 850,000	$ 1,750,000	$ 4,000,000

*the Company may elect to extend the deadline of work obligations by 6 months by issuing common shares with a value of $100,000 based on the Deemed Price.

(1) 1,135,073 common shares were issued

In Canadian Dollars

4. Mineral Properties – *Continued*

Hatchet Lake Property – *Continued*

In the event the Company does not complete the final cash payment of $250,000 and share issuance valued at $500,000, and incur the final expenditures of $2,000,000, the Company will hold a 50% interest in the Property.

In connection with the grant of the Option, the Company paid a finders' fee of $105,000.

Acquisition Costs Summary

	East Preston Property	ELC Property	Hatchet Lake Property	Total
Balance, as at September 30, 2020	$ 1,933,895	$ 739,750	$ -	$ 2,673,645
Option payment – cash	291,170	-	-	291,170
Option payment – shares	-	950,000	-	950,000
Balance, as at September 30, 2021	$ 2,225,065	$ 1,689,750	$ -	$ 3,914,815
Option payment – cash	-	-	100,000	100,000
Option payment – shares	-	-	250,000	250,000
Finders' Fee	-	-	105,000	105,000
Balance, as at June 30, 2022	$ 2,225,065	$ 1,689,750	$ 455,000	$ 4,369,815

Exploration and Evaluation Expenditures Summary

Details of exploration and evaluation costs incurred for the nine months ended June 30, 2022 are as follows:

	East Preston Property	ELC Property	Hatchet Lake Property	**2022 Total**
Camp and general	$ 1,456,745	$ 9,038	$ -	$ 1,239,807
Drilling	2,518,796	-	-	2,301,749
Freight	56,513	-	-	51,417
Geological and geophysical	465,542	188	19,608	341,293
Helicopter charter	6,027	-	-	4,838
Total exploration and evaluation costs	$ 4,503,623	$ 9,226	$ 19,608	$ 3,939,004

In Canadian Dollars

4. Mineral Properties – *Continued*

Exploration and Evaluation Expenditures Summary -

Details of exploration and evaluation costs incurred for the nine months ended June 30, 2021 are as follows:

		East Preston Project		ELC Project		**2021 Total**
Camp and general	$	272,150	$	22,711	$	294,861
Drilling		340,305		-		340,305
Freight		3,622		-		3,622
Geological and geophysical		320,918		-		320,918
Helicopter charter		63,010		-		63,010
Mapping and interpretation		6,800		-		6,800
Total exploration and evaluation costs	$	1,006,805	$	22,711	$	1,029,516

5. Shareholders' Equity

a) Authorized

Unlimited number of common shares without par value

b) Issued Share Capital

Share transactions for the nine months ended June 30, 2022;

(i) On October 12, 2021, the Company completed a non-brokered private placement of 6,828,571 non flow-through units at $0.175 per unit and 2,666,666 flow-through units at $0.188 per unit for gross proceeds of $1,695,000. Each non flow-through unit was comprised of one common share and one warrant. Each flow-through unit was comprised of one flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.25 per share for a period of 3 years. In relation to the private placement, the Company paid finders' fees of $135,600, paid share issue costs of $34,145 and issued 759,618 finders' fee warrants valued at $119,000. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 3 years.

5. Shareholders' Equity – *Continued*

b) Issued Share Capital

Share transactions for the nine months ended June 30, 2022 (*continued*):

(i) Of the proceeds from non flow-through units, $709,000 was allocated to share capital and $486,000 was allocated to warrants based on their relative fair value. The amount of the flow-through share liability associated with the flow-through shares was determined to be $33,333 based on the difference between the fair value price per share of the flow-through and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $466,667, of which $277,000 was allocated to share capital and $189,667 was allocated to warrants based on their relative fair value.

(ii) On November 10, 2021, the Company completed a non-brokered private placement of 2,813,828 non flow-through units at $0.175 per unit and 5,733,333 flow-through units at $0.188 per unit for gross proceeds of $1,567,420. Each non flow-through unit was comprised of one common share and one warrant. Each flow-through unit was comprised of one flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.25 per share for a period of 3 years. Each warrant entitles the holder to purchase one additional non flow-through common share for a period of 3 years at $0.25 per share. In relation to the private placement, the Company paid finders' fees of $70,000, paid share issue costs of $16,782 and issued 373,333 finders' fee warrants valued at $66,000. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.188 per share for a period of 3 years.

Of the proceeds from non flow-through units, $289,000 was allocated to share capital and $203,420 was allocated to warrants based on their relative fair value. The amount of the flow-through share liability associated with the flow-through shares was determined to be $71,667 based on the difference between the fair value price per share of the flow-through and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $1,003,333, of which $589,000 was allocated to share capital and $414,333 was allocated to warrants based on their relative fair value.

(iii) On December 1, 2021 the Company issued 1,135,074 common shares to ValOre as part of an option agreement (Note 4), valued at $250,000. The Company incurred $9,450 of share issue costs relating to the share issuances.

5. Shareholders' Equity – *Continued*

b) Issued Share Capital – *Continued*

Share transactions for the nine months ended June 30, 2022 (*continued*):

(iv) On February 9, 2022, the Company completed a non-brokered private placement of 2,230,000 non flow-through units at $0.175 per unit for gross proceeds of $390,250. Each non flow-through unit was comprised of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share at $0.25 per share for a period of 3 years. In relation to the private placement, the Company paid share issue costs of $4,269.

Of the proceeds from non flow-through units, $235,000 was allocated to share capital and $155,250 was allocated to warrants based on their relative fair value.

(v) On March 1, 2022, the Company issued 1,666,666 common shares at a deemed price of $0.15 per share to settle the debt based on an agreement signed with FOBI AI Inc. ("FOBI"), to settle $250,000 of debt owing to FOBI for geological consulting fees. In relation to the shares issued to settle debt, the Company incurred $6,148 of share issue costs.

(vi) On March 31, 2022, the Company completed a non-brokered private placement of 25,505,000 flow-through units at $0.20 per unit for gross proceeds of $5,101,000. Each flow-through unit was comprised of one non flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.25 per share for a period of 2 years. In relation to the private placement, the Company paid finders' fees of $320,000, paid share issue costs of $101,261, issued 410,000 non flow-through finders' fee shares at $0.20 per share valued at $82,000, and issued 2,010,000 finders' fee warrants valued at $217,000. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.25 per share for a period of 2 years.

The amount of the flow-through share liability associated with the flow-through shares was determined to be $318,813 based on the difference between the fair value price per share of the flow-through and the trading price of shares as at the date of issue. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $4,782,188, of which $3,033,000 was allocated to share capital and $1,749,188 was allocated to warrants based on their relative fair value.

(vii) During the nine months ended June 30, 2022, 1,000,000 stock options were exercised for gross proceeds of $125,000. The fair value of the options exercised was $104,318 was transferred to share capital upon exercise.

(vi) During the nine months ended June 30, 2022, 3,504,000 warrants were exercised for gross proceeds of $613,200. The fair value of the warrants exercised was $187,075 and was transferred to share capital upon exercise.

5. Shareholders' Equity – *Continued*

b) Issued Share Capital – *Continued*

Share transactions for the year ended September 30, 2021:

(vii) On January 19, 2021, the Company completed a private placement of 12,000,000 flow-through units at $0.125 per unit for total proceeds of $1,500,000. Each flow-through unit consisted of one non flow-through common share and one warrant. Each whole warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years. The Company incurred share issue costs of $34,578, issued 896,358 finders' fee warrants valued at $77,000, and issued 896,357 finders' fee common shares valued at $100,840 relating to the private placement. Each finders' fee warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years.

The amount of the flow-through share liability associated with the flow-through shares was determined to be $150,000 based on the difference between unit price of the flow-through unit and the share price on the TSX Venture Exchange at the date of issuance. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $1,350,000, of which $764,000 was allocated to share capital and $586,000 was allocated to warrants based on their relative fair value.

(viii) On January 26, 2021, the Company completed the first tranche of a private placement by issuing 7,100,000 non flow-through units at $0.125 per unit for total proceeds of $887,500. Each non flow-through unit consisted of one non flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years. The Company incurred share issuance costs of $21,542 and issued 67,200 finders' fee warrants valued at $5,000 relating to the private placement. Each finders' fee warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years.

Of the cash proceeds received from non flow-through shares, $506,000 was allocated to share capital and $381,500 was allocated to warrants based on their relative fair value.

5. Shareholders' Equity – *Continued*

b) Issued Share Capital – *Continued*

Share transactions for the year ended September 30, 2021 (*continued*):

(ix) On March 3, 2021, the Company closed the second tranche of a private placement by issuing 800,000 flow-through and 26,032,000 non flow-through units at $0.125 per unit for gross proceeds of $100,000 and $3,254,000, respectively. Each flow-through and non flow-through unit consisted of one non flow-through share and one warrant. Each warrant entitles the holder to purchase one non flow-through common share for a period of 5 years at a price of $0.175+800 per share.

Of the proceeds from flow-through units, $53,000 was allocated to share capital and $47,000 was allocated to warrants based on their relative fair value. Of the proceeds from non flow-through units, $3,254,000 was allocated to share capital and $1,520,000 was allocated to warrants based on their relative fair value.

The Company incurred share issuance costs of $143,718, issued 1,918,400 finders' fee warrants valued at $484,000, and issued 1,272,000 finders' fee common shares valued at $365,700 relating to the private placement. Each finders' fee warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years.

(x) On March 5, 2021, the Company issued 4,000,000 common shares to 1177865 BC Ltd. as part of the ELC property option agreement (Note 4), valued at $950,000. The Company incurred $5,425 of costs relating to the share issuances.

(xi) On September 29, 2021, the Company completed the first tranche of a non-brokered private placement of 24,322,395 non flow-through units at $0.175 per unit, 4,373,383 flow-through units at $0.188 per unit and 5,714,285 charity flow-through units at $0.233 per unit for gross proceeds of $6,405,000. Each non flow-through unit is comprised of one common share and one warrant. Each flow-through and charity flow-through unit is comprised of one flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional common share for a period of 3 years at $0.25 per share. In relation to the private placement, the Company incurred finders' fees of $491,725, share issue costs of $44,916 and issued 2,637,374 finders' fee warrants valued at $382,000. Each finders' fee warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 3 years.

In Canadian Dollars

5. Shareholders' Equity – *Continued*

b) Issued Share Capital – *Continued*

Share transactions for the year ended September 30, 2021 (*continued*):

(xi) Of the cash proceeds received from non flow-through shares, $2,547,000 was allocated to share capital and $1,709,419 was allocated to warrants based on their relative fair value.

The amount of the flow-through share liability associated with the flow-through shares was determined to be $54,667 based on the difference between the fair value price per share of the flow-through and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $765,342, of which $458,000 was allocated to share capital and $307,342 was allocated to warrants based on their relative fair value.

The amount of the flow-through share liability associated with the charity flow-through shares was determined to be $328,571 based on the difference between the fair value price per share of the charity flow-through and the non flow-through shares. The remaining proceeds from the charity flow-through shares, after deducting the flow-through share liability was $1,000,000, of which $598,000 was allocated to share capital and $402,000 was allocated to warrants based on their relative fair value.

(xii) During the year ended September 30, 2021, 2,540,000 stock options were exercised for gross proceeds of $317,500. The fair value of the options exercised was $207,120 and was transferred to share capital upon exercise.

(xiii) During the year ended September 30, 2021, 5,027,463 warrants were exercised for gross proceeds of $879,806. The fair value of the warrants exercised was $275,832 and was transferred to share capital upon exercise.

c) Flow-through Share Liability

The following is a continuity of the liability portion of the flow-through share issuances:

Balance, September 30, 2020	$	28,410
Flow-through premium liability additions		533,238
Settlement of flow-through premium liability pursuant to qualifying expenditures		(113,310)
Balance, September 30, 2021		448,338
Flow-through premium liability additions		423,813
Settlement of flow-through premium liability pursuant to qualifying expenditures		(556,338)
Balance, June 30, 2022	$	315,813

In Canadian Dollars

5. Shareholders' Equity – *Continued*

d) Warrants

Details of warrants activity for the nine months ended June 30, 2022 and the year ended September 30, 2021 are as follows:

September 30, 2021	Issued	Exercised	Expired	June 30, 2022	Exercise Price	Expiry Date
5,456,000	-	-	-	5,456,000	$0.175	February 26, 2024
2,813,200	-	(1,040,000)	-	1,773,200	$0.175	March 20, 2024
-	27,514,999	-	-	27,514,999	$0.25	March 31, 2024
956,640	-	-	-	956,640	$0.175	April 8, 2024
7,368,747	-	-	-	7,368,747	$0.175	April 30, 2024
4,437,760	-	-	-	4,437,760	$0.175	May 24, 2024
34,410,058	-	-	-	34,410,058	$0.25	September 29, 2024
2,637,374	-	-	-	2,637,374	$0.175	September 29, 2024
-	9,495,237	-	-	9,495,237	$0.25	October 12, 2024
-	759,618	-	-	759,618	$0.175	October 12, 2024
-	8,547,161	-	-	8,547,161	$0.25	November 10, 2024
-	373,333	-	-	373,333	$0.188	November 10, 2024
-	2,230,000	-	-	2,230,000	$0.175	February 9, 2025
1,200,000	-	-	-	1,200,000	$0.175	April 20, 2025
10,960,838	-	(1,760,000)	-	9,200,838	$0.175	May 20, 2025
600,000	-	-	-	600,000	$0.175	June 3, 2025
12,896,358	-	(384,000)	-	12,512,358	$0.175	January 19, 2026
7,111,200	-	-	-	7,111,200	$0.175	January 26, 2026
28,550,400	-	(320,000)	-	28,230,400	$0.175	March 3, 2026
119,398,575	48,920,348	(3,504,000)	-	164,814,923	$0.212	

In Canadian Dollars

5. Shareholders' Equity – *Continued*

d) Warrants – *Continued*

September 30, 2020	Issued	Exercised	Expired	September 30, 2021	Exercise Price	Expiry Date
6,744,800	-	(1,288,800)	-	5,456,000	$0.175	February 26, 2024
2,853,200	-	(40,000)	-	2,813,200	$0.175	March 20, 2024
1,634,400	-	(677,760)	-	956,640	$0.175	April 8, 2024
8,818,610	-	(1,449,863)	-	7,368,747	$0.175	April 30, 2024
4,644,800	-	(207,040)	-	4,437,760	$0.175	May 24, 2024
-	34,410,058	-	-	34,410,058	$0.25	September 29, 2024
-	2,637,374	-	-	2,637,374	$0.175	September 29, 2024
1,200,000	-	-	-	1,200,000	$0.175	April 20, 2025
12,068,838	-	(1,108,000)	-	10,960,838	$0.175	May 20, 2025
600,000	-	-	-	600,000	$0.175	June 3, 2025
-	12,896,358	-	-	12,896,358	$0.175	January 19, 2026
-	7,167,200	(56,000)	-	7,111,200	$0.175	January 26, 2026
-	28,750,400	(200,000)	-	28,550,400	$0.175	March 3, 2026
38,564,648	85,861,390	(5,027,463)	-	119,398,575	$0.197	

The following weighted average assumptions were used in calculating the fair value of warrants issued in the nine months ended June 30, 2022 and 2021:

	2022	**2021**
Stock price volatility	123.30%	121.63%
Risk-free interest rate	1.72%	0.66%
Expected life of warrants	2.44 years	5.0 years
Expected dividend yield	0.00%	0.00%

e) Stock Options

The Company has a rolling stock option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements but permits the Board of Directors to specify a vesting schedule in its discretion.

In Canadian Dollars

5. Shareholders' Equity – *Continued*

e) Stock Options – *Continued*

September 30, 2021	Issued	Exercised	Expired Unexercised	Cancelled	June 30, 2022	Exercise Price	Expiry Date
200,000	-	-	(200,000)	-	-	$0.125	November 1, 2021
276,000	-	-	(276,000)	-	-	$0.25	February 6, 2022
200,000	-	-	(200,000)	-	-	$0.125	May 1, 2022
492,000	-	-	-	-	492,000	$0.25	December 21, 2022
400,000	-	-	-	-	400,000	$0.125	April 1, 2025
48,000	-	-	-	-	48,000	$0.125	May 1, 2025
1,500,000	-	-	-	-	1,500,000	$0.125	January 5, 2026
2,200,000	-	(1,000,000)	-	-	1,200,000	$0.125	August 5, 2026
-	6,000,000	-	-	-	6,000,000	$0.175	December 24, 2026
5,316,000	6,000,000	(1,000,000)	(676,000)	-	9,640,000*	$0.065	

September 30, 2020	Issued	Exercised	Expired Unexercised	Cancelled	September 30, 2021	Exercise Price	Expiry Date
276,000	-	-	-	-	276,000	$0.25	February 6, 2022
492,000	-	-	-	-	492,000	$0.25	December 21, 2022
100,000	-	(100,000)	-	-	-	$0.125	October 1, 2024
280,000	-	(80,000)	-	-	200,000	$0.125	November 1, 2021
400,000	-	-	-	-	400,000	$0.125	April 1, 2025
480,000	-	(280,000)	-	-	200,000	$0.125	May 1, 2022
728,000	-	(680,000)	-	-	48,000	$0.125	May 1, 2025
-	2,900,000	(1,400,000)	-	-	1,500,000	$0.125	January 5, 2026
-	2,200,000	-	-	-	2,200,000	$0.125	August 5, 2026
2,756,000	5,100,000	(2,540,000)	-	-	5,316,000	$0.143	

***All of the options are exercisable as at June 30, 2022

(i) During the nine months ended June 30, 2022, the Company granted 6,000,000 stock options. The fair value of options issued was $877,000 (or $0.15 per option) which was recorded as share-based compensation in profit or loss and included in reserves.

(ii) During the year ended September 30, 2021, the Company granted 5,100,000 stock options. The fair value of options issued was $490,000 (or $0.10 per option) which was recorded as share-based compensation in profit or loss and included in reserves.

In Canadian Dollars

5. Shareholders' Equity – *Continued*

e) Stock Options – *Continued*

The following weighted average assumptions were used for calculating the share-based compensation in the nine months ended June 30, 2022 and 2021:

	2022	**2021**
Stock price volatility	122.72%	116.91%
Risk-free interest rate	1.28%	0.39%
Expected life of options	5.0 years	5.0 years
Expected dividend yield	0.00%	0.00%

6. Segmented Information

a) Operating Segment

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada and Peru.

b) Geographic Segments

The Company's geographic information as at June 30, 2022 and September 30, 2021 are as follows:

As at June 30, 2022	Canada	Peru	Total
Assets			
Mineral properties	$ 2,680,065	$ 1,689,750	$ 4,369,815
Other assets	11,370,530	6,254	11,376,784
Total	$ 14,050,595	$ 1,696,004	$ 15,746,599

As at September 30, 2021	Canada	Peru	Total
Assets			
Mineral properties	$ 2,225,065	$ 1,689,750	$ 3,914,815
Other assets	10,941,884	-	10,941,884
Total	$ 13,166,949	$ 1,689,750	$ 14,856,699

In Canadian Dollars

7. Related Party Transactions

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Compensation of Key Management Personnel

Key management personnel consist of current and former directors and senior management including the Chief Executive Officer, Chief Financial Officer, Vice President of Exploration and directors. Key management personnel compensation includes:

	2022	2021
Consulting and directors' fees	$ 220,500	$ 297,000
Exploration and evaluation costs	180,750	22,500
Share-based compensation	397,573	117,000
	$ 798,823	$ 436,500

The accounts payable and accrued liabilities of the Company include amounts due to related parties. The amounts owing are interest free, unsecured, current and without fixed terms and are as follows:

	June 30, 2022	September 30, 2021
Key management personnel	$ 36,376	$ 12,702

8. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of equity comprised of share capital, reserves and deficit. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other demand deposits, all held with major financial institutions.

9. Financial Instruments

a) Fair Value of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short term maturity.

b) Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Credit Risk – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. Cash is held with a major Canadian financial institution and the receivables are due from Government entities. Management is of the view that these amounts are fully collectible.

(ii) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

(iii) Interest Rate Risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest income. Presently, the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments as the Company has no interest-bearing debt and due to the short-term nature of cash investments.

9. Financial Instruments – *Continued*

b) Management of Risks Arising From Financial Instruments – *Continued*

(iv) Commodity Price Risk – The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future potential revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.