C3 Metals Inc.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Financial Statements

For the three month periods ended November 30, 2021 and 2020

(expressed in Canadian dollars)

C3 Metals Inc.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Financial Position

(expressed in Canadian dollars)

	November 30, 2021 $	August 31, 2021 $
Assets		
Current assets:		
Cash and cash equivalents	19,968,212	5,846,804
Restricted deposits (note 4)	50,138	50,076
Amounts receivable (note 5)	150,705	35,701
Prepaid expenses	240,937	215,071
Marketable securities (note 6)	600,838	127,803
	21,010,830	6,275,455
Equipment	72,122	70,518
Mineral exploration properties (note 7)	16,341,531	11,399,281
Deferred exploration expenditures (note 7)	12,952,834	10,449,527
	29,366,487	21,919,326
Total assets	50,377,317	28,194,781
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	769,047	1,146,648
Total liabilities	769,047	1,146,648
Shareholders' equity		
Capital stock (note 8)	62,320,400	39,869,436
Warrants (note 8)	66,390	66,390
Contributed surplus	4,999,827	4,064,303
Accumulated deficit	(16,637,116)	(15,639,442)
Accumulated other comprehensive loss	(1,141,231)	(1,312,554)
Total shareholders' equity	49,608,270	27,048,133
Total liabilities and shareholders' equity	50,377,317	28,194,781

Going concern (note 1)

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

Approved by the Board of Directors:

/s/ Antony Manini
Director

/s/ Kimberly Ann Arntson
Director

C3 Metals Inc.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Operations and Comprehensive Loss

(expressed in Canadian dollars)

	Three months ended November 30, 2021 $	Three months ended November 30, 2020 $
Expenses		
Promotion and investor relations	250,268	56,221
Regulatory authority and transfer agent fees	36,128	6,271
Legal, accounting, audit and financial advisory	69,939	22,192
Office, general and administrative	354,445	238,964
Project generation and evaluation	2,200	1,412
Share based compensation (note 8)	301,424	-
	1,014,404	325,060
Interest income	(2,041)	(2,774)
Gain on marketable securities (note 6)	(23,035)	(52,500)
Foreign exchange loss	8,346	6,318
	(16,730)	(48,956)
Net loss for the period	997,674	276,104
Other comprehensive loss		
Items that may be subsequently reclassified to operations		
Foreign currency translation adjustment	(171,323)	(12,242)
Total comprehensive loss for the period	826,351	263,862
Loss per common share:		
Basic and diluted	0.00	0.00
Weighted average number of common shares outstanding:		
Basic and diluted	498,203,399	375,168,311

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

C3 Metals Inc.
(An Exploration Stage Company)
Unaudited Consolidated Interim Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Capital stock #	Capital stock $	Warrants #	Warrants $	Contributed surplus $	Accumulated deficit $	Accumulated other comprehensive loss $	Total shareholders' equity $
Balance, August 31, 2021	460,182,703	39,869,436	5,200,000	66,390	4,064,303	(15,639,442)	(1,312,554)	27,048,133
Net loss for the period	-	-	-	-	-	(997,674)	-	(997,674)
Foreign currency translation adjustment	-	-	-	-	-	-	171,323	171,323
Total comprehensive loss for the period	-	-	-	-	-	(997,674)	171,323	(826,351)
Shares issued for Jasperoide property interest (note 7)	25,001,540	5,100,314	-	-	-	-	-	5,100,314
Brokered private placement of shares (note 8)	101,582,178	19,300,614	-	-	-	-	-	19,300,614
Broker warrants issued to finders (note 8)	-	(634,100)	-	-	634,100	-	-	-
Share issue costs	-	(1,315,864)	-	-	-	-	-	(1,315,864)
Restricted share unit compensation charge (note 8)	-	-	-	-	41,250	-	-	41,250
Stock option compensation charge (note 8)	-	-	-	-	260,174	-	-	260,174
	126,583,718	22,450,964	-	-	935,524	(997,674)	171,323	22,560,137
Balance, November 30, 2021	586,766,421	62,320,400	5,200,000	66,390	4,999,827	(16,637,116)	(1,141,231)	49,608,270
Balance, August 31, 2020	375,168,311	29,702,603	29,229,750	564,110	2,735,436	(10,111,974)	(772,884)	22,117,291
Net loss for the period	-	-	-	-	-	(276,104)	-	(276,104)
Foreign currency translation adjustment	-	-	-	-	-	-	12,242	12,242
Total comprehensive loss for the period	-	-	-	-	-	(276,104)	12,242	(263,862)
Balance, November 30, 2020	375,168,311	29,702,603	29,229,750	564,110	2,735,436	(10,388,078)	(760,642)	21,853,429

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

C3 Metals Inc.
(An Exploration Stage Company)
Unaudited Consolidated Interim Statements of Cash Flows

(expressed in Canadian dollars)

	Three months ended November 30, 2021 $	Three months ended November 30, 2020 $
Cash provided by (used in)		
Operating activities		
Net loss for the period	(997,674)	(276,104)
Items not affecting cash:		
Share based compensation (note 8)	301,424	-
Depreciation of equipment	95	-
Interest income on restricted deposits	(62)	(49)
Unrealized gain on marketable securities (note 6)	(23,035)	(52,500)
Change in working capital items:		
Amounts receivable	(40,004)	(19,132)
Prepaid expenses	(25,866)	(91,953)
Accounts payable and accrued liabilities	(831,556)	(199,475)
	(1,616,678)	(639,213)
Investing activities		
Purchase of equipment	(3,796)	(1,881)
Mineral exploration property costs (note 7)	(341,474)	(23,894)
Deferred exploration expenditures (note 7)	(1,901,394)	(193,233)
	(2,246,664)	(219,008)
Financing activities		
Issuance of common shares (note 8)	19,300,614	-
Share issue costs	(1,315,864)	-
	17,984,750	-
Net change in cash and cash equivalents	14,121,408	(858,221)
Cash and cash equivalents - Beginning of period	5,846,804	3,235,301
Cash and cash equivalents - End of period	19,968,212	2,377,080

Supplemental cash flow information (note 13)

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

(expressed in Canadian dollars)

1. Nature of operations and going concern

General information

On July 31, 2020, the company changed its name to C3 Metals Inc. (referred to herein collectively with its subsidiaries as the "Company") from Carube Copper Corp. Additionally, the Company's ticker symbol on the TSX Venture Exchange ("TSX-V") was changed to CCCM. On June 18, 2015, Miocene Resources Limited ("Miocene") completed a reverse takeover with Carube Resources Inc. (CRI). On July 7, 2015, the Company commenced trading on the TSX-V under the former name Carube Copper Corp.

C3 Metals Inc. is an exploration stage junior mining company. Since November of 2009, the Company has been engaged in the identification, acquisition, evaluation and exploration of mineral properties. The Company has not determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company's registered office is located at 161 Bay Street, 27th Floor, Toronto, Ontario, Canada where it is domiciled. The Company's subsidiaries include: Carube Resources Inc., domiciled in Toronto, Canada; Carube Resources Jamaica Limited and Rodinia Jamaica Limited, which are both domiciled in Kingston, Jamaica; Latin America Resource Group Limited, domiciled in Toronto, Canada; and, C3 Metals Peru S.A.C. (formerly KA Oro S.A.C.), domiciled in Lima, Peru.

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards (IFRS) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

From inception to date, the Company has incurred losses from operations and has had negative cash flows from operating activities. As at November 30, 2021, the Company had working capital of $20,241,783. Given the Company's plans for significant exploration expenditures focused on the Jasperoide, Peru project and also on the Jamaican projects during 2022, existing funds on hand at quarter end are not sufficient to support planned exploration costs, costs of acquiring new exploration properties or ongoing corporate costs over the coming year. These conditions raise material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company will require additional funding to be able to advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

There is no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Significant accounting policies

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the years ended August 31, 2021 and 2020 which have been prepared in accordance with IFRS. These financial statements were approved by the board of directors for issue on January 27, 2022.

General information and basis of consolidation

C3 Metals Inc. was incorporated under the *Business Corporations Act (Ontario)* on March 29, 2010. The Company completed a reverse takeover with CRI on June 18, 2015. Carube Resources Inc. was incorporated under the *Business Corporations Act (Ontario)* on August 2, 2007 under the name 2144321 Ontario Inc. and was inactive until October 2009 at which time its name was changed to CRI. On March 31, 2011, CRI incorporated Carube Resources Jamaica Limited (CRJL), a wholly-owned Jamaican subsidiary, in order for it to hold the Bellas Gate project mineral exploration licences and to conduct business as operator of the project. On March 31, 2012, CRI acquired all of the outstanding shares of Rodinia Jamaica Limited (RJL) in exchange for common shares of CRI. RJL held title to four Special Exclusive Prospecting Licenses (SEPLs) in Jamaica. On February 26, 2020, the Company acquired all of the outstanding shares of Latin America Resource Group Limited (LARG) along with its wholly-owned Peruvian subsidiary, KA Oro S.A.C., which has been renamed C3 Metals Peru S.A.C. (C3 Peru).

The Company's financial statements consolidate those of the parent company and each of its 100% wholly-owned subsidiaries CRI, CRJL, RJL, LARG and C3 Peru. All inter-company balances and transactions are eliminated upon consolidation. The consolidated financial statements are expressed in Canadian dollars and are prepared using the historical cost method.

(expressed in Canadian dollars)

Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2021.

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the years ended August 31, 2021 and 2020 except as described in the notes to these condensed consolidated interim financial statements.

New and revised accounting standards

Certain pronouncements were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting years ended after December 31, 2021. Many are not applicable or do not have a significant impact on the Company and have been excluded from the summary below.

Presentation of Financial Statements (Amendment to IAS 1)
The amendments to IAS 1, clarify the presentation of liabilities. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The implementation of this amendment is not expected to have a material impact on the Company.

4. Restricted deposits

The Company has established a corporate credit card account for the payment of travel and corporate costs. An amount of $50,138 (August 31, 2021 - $50,076) held in a guaranteed investment certificate has been pledged as collateral for the maximum credit limit on this credit card account.

5. Amounts receivable

Amounts receivable of $150,705 (August 31, 2021 - $35,701) is comprised of harmonized sales tax (HST) receivable in Canada of $75,705 and a value of $75,000 receivable related to the sale of the Rogers Creek project (see note 7).

6. Marketable securities

During March 2019, the Company received 500,000 common shares of Tocvan Ventures Corp. ("Tocvan") under the terms of the option agreement for the Rogers Creek, BC project (see note 7). During June 2020, the Company received an additional 200,000 common shares of Tocvan in connection with the first anniversary payment under the option agreement, increasing the Company's total holding to 700,000 common shares at that time. During May through July 2021, the Company sold 586,900 common shares realizing proceeds of $816,381. During September 2021, the Company received 500,000 additional Tocvan common shares in connection with its sale of Rogers Creek project to Tocvan (see note 7). As at November 30, 2021, the Company held 613,100 common shares. These shares are classified as fair value through profit and loss and are recorded at fair value using the quoted market price of Tocvan's common shares on the Canadian Securities Exchange. The following table summarizes information regarding the Company's marketable securities.

	$
Balance, August 31, 2020	199,500
Sale of shares	(816,381)
Gain on marketable securities	744,684
Balance, August 31, 2021	127,803
Value of shares received	450,000
Gain on marketable securities	23,035
Balance, November 30, 2021	600,838

(expressed in Canadian dollars)

7. Mineral exploration properties and deferred exploration expenditures

	Jasperoide (Peru) $	Bellas Gate (Jamaica) $	Rodinia and Other Licenses (Jamaica) $	Stewart Brook Gold (Nova Scotia, Canada) $	Rogers Creek and Mackenzie (BC, Canada) $	Total $
Mineral exploration properties:						
Balance, August 31, 2021	8,137,689	1,738,909	997,683	-	525,000	11,399,281
Licence acquisition and renewal fees	341,236	238	-	-	-	341,474
Shares issued to Ares for Jasperoide interest	5,100,314	-	-	-	-	5,100,314
Proceeds from sale of Rogers Creek project	-	-	-	-	(525,000)	(525,000)
Translation to presentation currency	25,750	(131)	(157)	-	-	25,462
Balance, November 30, 2021	13,604,989	1,739,016	997,526	-	-	16,341,531
Balance, August 31, 2020	7,728,935	1,734,520	869,683	2,602	3,179,850	13,515,590
Licence and claim renewal fees	23,643	-	251	-	-	23,894
Translation to presentation currency	(25,394)	11,071	11,040	-	-	(3,283)
Balance, November 30, 2020	7,727,184	1,745,591	880,974	2,602	3,179,850	13,536,201
Deferred exploration expenditures:						
Balance, August 31, 2021	5,498,368	4,160,598	790,561	-	-	10,449,527
Geology	701,469	54,571	34,979	-	-	791,019
Geophysical	12,712	-	-	-	-	12,712
Drilling and related	1,017,073	10,584	150	-	-	1,027,807
Environmental	19,454	1,520	-	-	-	20,974
Community and social development	254,917	2,428	-	-	-	257,345
Health and safety	59,675	2,821	-	-	-	62,496
IVA tax recoverable	278,424	-	-	-	-	278,424
Translation to presentation currency	86,112	(33,382)	(200)	-	-	52,530
Balance, November 30, 2021	7,928,204	4,199,140	825,490	-	-	12,952,834
Balance, August 31, 2020	248,991	4,184,863	623,335	37,195	379,474	5,473,858
Geology	15,129	16,475	2,304	-	600	34,508
Geochemical	-	-	-	-	975	975
Geophysical	2,040	-	-	-	-	2,040
Drilling and related	112,880	5,542	-	-	-	118,422
Environmental	-	1,060	-	-	-	1,060
Community and social development	56,711	-	-	-	-	56,711
Health and safety	-	282	-	-	-	282
IVA tax recoverable	17,196	-	-	-	-	17,196
Translation to presentation currency	(1,913)	15,614	1,515	-	-	15,216
Balance, November 30, 2020	451,034	4,223,836	627,154	37,195	381,049	5,720,268

Jasperoide project, Peru

On February 26, 2020, the Company completed the acquisition of a 100% interest in LARG. LARG's subsidiary C3 Peru holds a 100% beneficial interest in eight exploration concessions and had two option agreements to earn a potential 100% in five additional concessions. These 13 concessions comprise the Jasperoide copper-gold project, located in the Andahuaylas-Yauri belt of Peru. The Jasperoide project concessions cover a total area of 5,696 hectares. On July 13, 2021, the Company entered into a binding Heads of Agreement to acquire 100% of Hochschild Mining PLC's ("Hochschild") interest in the Jasperoide project relating to three concessions subject to an option agreement. This transaction to consolidate the ownership in Jasperoide was closed during October 2021 (see below).

La Bruja

Two concessions are subject to an option agreement with Inversiones La Bruja S.A.C. ("La Bruja"), where the Company can earn a 100% interest in the equity shares of La Bruja subject to minimum exploration expenditures of US$2,000,000 and total cash option payments of US$2,000,000. During June 2020, amending agreements to adjust the timing of cash option payments and exploration expenditure requirements were concluded. Cash option payments totalling US$500,000 have been provided to November 30, 2021, including US$320,000 paid during August 2021. A balance of US$1,500,000 in future cash payments is required with US$500,000 payable on or before August 31, 2022 and US$1,000,000 payable on or before August 31, 2023. During the quarter ended August 31, 2021, cumulative exploration expenditures incurred exceeded the total minimum requirement of US$2,000,000. Following the earn-in of a 100% interest in the concessions a net smelter return ("NSR") royalty of 1.5% would be payable to the former shareholders of La Bruja.

(expressed in Canadian dollars)

Ares
Three concessions were subject to an option agreement with Compania Minera Ares S.A.C. (“Ares”) where the Company had the right to earn an initial 51% interest in these concessions subject to incurring cumulative exploration expenditures of US$5,000,000 (including LARG and C3 Peru expenditures prior to the February 26, 2020 acquisition date and including certain administrative costs) by October 2023. During June 2021, the Company exceeded the cumulative expenditure requirements and on July 13, 2021, the Company entered into a binding Heads of Agreement to acquire 100% of Hochschild's interest in the three concessions. As consideration for the acquisition, during October 2021 the Company issued 25,001,540 common shares of the Company valued at $5,100,314 to Ares. The common shares issued are subject to contractual resale restrictions providing that the common shares may not be sold, transferred, optioned, encumbered, pledged or hypothecated in any way, except as follows: (i) as to 25% on the date which is four months from the date of issuance; (ii) as to 25% on the date which is eight months from the date of issuance; and (iii) as to 50% on the date which is 12 months from the date of issuance.

In connection with the acquisition, the Company granted a 1.5% NSR royalty in favour of Ares in respect of the Ares mineral concessions subject to the right of the Company to purchase 1% of the NSR (thereby reducing the NSR to 0.5%) for a price of US$1,000,000 at any time, replacing the previously granted 1.5% net smelter returns royalty that had no buy back provision.

Bellas Gate property agreements

OZ Minerals Ltd. agreements

Current OZ Minerals agreement
During September 2016, the Company announced it had finalized a Heads of Agreement ("HoA") with OZ Minerals Ltd., an Australian copper-gold producer listed on the Australian Securities Exchange ("OZ Minerals"), to acquire all of OZ Minerals' property holdings in Jamaica which included the 70% interest that OZ Minerals had earned in the Bellas Gate Project (see below) and five licences covering 276 square kilometres which OZ Minerals had acquired directly in 2014. Additionally, the Company retained a 100% interest in the Above Rocks project as OZ Minerals elected not to proceed with the joint venture earn-in (see below). A definitive legal agreement incorporating the terms of the HoA was concluded in January 2017.

Under the terms of the definitive agreement, for the acquisition of the 70% interest in the Bellas Gate Project the Company is obligated to: (i) pay OZ Minerals $8.5 million within one year of commencement of commercial production at Bellas Gate; (ii) pay OZ Minerals an additional $4 million within two years of commencement of commercial production; and, (iii) grant OZ Minerals a 2% NSR with a buyback right of two-thirds of the NSR for $1.3 million with any NSR payments capped at a maximum amount of $20 million.

Additionally, the Company acquired a 100% interest in the five OZ Minerals licences consisting of the Arthur's Seat, Berkshire Hall, Mount Ogle, Shirley Castle and Windsor Castle Special Exclusive Prospecting Licences (SEPLs). Under the terms of the January 2017 agreement the Company was obligated to provide OZ Minerals a single payment of $1.5 million within one year of commencement of commercial production on any of the five licences. Each of the licences was subject to a 2% NSR with a buyback of one-half of the NSR for $500,000. During May 2019, the Company completed amendments to the agreement with OZ Minerals to: (i) waive the $1.5 million payment within one year of commencement of commercial production if the mineral product is less than 10,000 tonnes per annum; and, (ii) reduce the 2% NSR to a 1% NSR with a buyback of one-half for $250,000 on any of the SEPLs.

On June 19, 2019, the Company announced an agreement with Geophysx Jamaica Ltd. ("Geophysx"), pursuant to which Geophysx agreed to acquire six of the Company's SEPLs located in Jamaica including four of the SEPLs acquired from OZ Minerals and two of the Rodinia SEPLs. The SEPLs contain early-stage copper-gold exploration projects and include the Belvedere, Mount Royal, Mount Ogle, Berkshire Hall, Windsor Castle and Shirley Castle SEPLs.

Pursuant to this agreement, Geophysx acquired a 100% interest in each of the projects for total cash of $277,605 (US$210,000). The Company retains a NSR royalty of 1% on four of these SEPLs. Geophysx will have the right to buy down the first half of the NSR for US$50,000 per each 0.1% of the NSR (total of US$250,000) and the second half of the NSR for US$70,000 per each 0.1% of the NSR (total of US$350,000). Geophysx would make future cash payments to the Company at milestones following commencement of commercial production that could total US$240,000.

Preceding OZ Minerals agreements
During May 2013, the Company entered into a term sheet with OZ Minerals that lead to a farm-in joint venture agreement relating to the Bellas Gate Project which consists of the Bellas Gate and Browns Hall SEPLs which total 84 sq. km. in area.

The term sheet provided that upon certain conditions being met, that OZ Minerals and the Company would enter into an agreement which would potentially lead to a joint venture with respect to the Bellas Gate Project and the Company would grant OZ Minerals a right to enter into separate agreements on each of the Company's other projects in Jamaica (which comprise the other four SEPLs, excluding the Bellas Gate Project SEPLs). During January 2014, OZ Minerals completed a US$900,000 equity investment in the Company and confirmed the satisfactory completion of their due diligence and that all conditions precedent had been satisfied such that the terms of the May 2013 term sheet became binding. A definitive agreement incorporating the terms contained in the term sheet and other conditions that are customary for mining exploration project joint venture agreements was completed during May 2015.

Significant terms of the definitive agreement included an initial phase of work by OZ Minerals for $500,000 of exploration expenditures. In total, to earn a 70% interest in the Bellas Gate Project, OZ Minerals was required to spend $6.5 million on exploration and make cash payments to the Company of $475,000 over a maximum period of 3.5 years. During January 2016, the Company announced that OZ Minerals had incurred cumulative exploration expenditures in excess of $8.3 million and had fulfilled the Phase 4 earn-in requirements to have a vested 70% interest in the Bellas Gate Project. OZ Minerals was then able to earn a further 10% interest by financing all work to the end of a feasibility study. This Phase 5 of the earn-in was initiated during February 2016.

(expressed in Canadian dollars)

Additionally, OZ Minerals was provided the option to fly airborne geophysics over the Company's other three Jamaican projects (comprised of four SEPLs, see *Rodinia Jamaica property licenses* below) in return for the right to enter into joint ventures on any or all of the projects. OZ Minerals completed the airborne geophysics during June 2015. During September 2015, the Company and OZ Minerals entered into a definitive agreement with respect to the earn-in and potential joint venture on the Above Rocks Project. OZ Minerals did not elect to proceed with joint ventures on the Hungry Gully and Main Ridge Projects.

The Bellas Gate Project is subject to a 2% NSR in favour of Clarendon Consolidated Minerals Ltd. ("CCM").

Rodinia Jamaica property licenses

Acquisition of Rodinia Jamaica Limited
On March 31, 2012, the Company completed the acquisition of a 100% interest in Rodinia Jamaica Limited ("RJL") from Tigers Realm Metals Pty Limited ("TRM") and Rodinia Resources Pty Limited ("Rodinia"). RJL held a 100% interest in four SEPLs in Jamaica which are known as Belvedere, Hungry Gully, Main Ridge and Mount Royal and total 184 sq. km. in area. The Belvedere and Mount Royal SEPLs are contiguous and are considered one project area known as Above Rocks. Rodinia retained a 2% NSR in respect of the four SEPLs.

On June 22, 2021, the Company entered into a binding agreement with Rodinia to purchase 1.5% of the 2% NSR related to the Hungry Gully and Main Ridge SEPLs in Jamaica for cash consideration of $93,497 (US$75,000) and the issuance of 190,062 common shares valued at $29,840. The agreement also provides the Company with a right of first refusal to purchase the remaining 0.5% NSR.

Sale of licences to Geophysx Jamaica Ltd.
On June 19, 2019, the Company announced an agreement with Geophysx, pursuant to which Geophysx agreed to acquire six of the Company's SEPLs including four of the SEPLs acquired from OZ Minerals and the Belvedere and Mount Royal SEPLs (see above). The Company retains a 100% interest in the Hungry Gully and Main Ridge SEPLs subject to Rodinia's 0.5% NSR (see above).

Stewart Brook Gold project, Nova Scotia
During April, 2019, the Company acquired, through staking, a 100% interest in four licences comprising the Stewart Brook Gold project area covering over 46 sq. km. in Guysborough County, Nova Scotia. During the third quarter of fiscal 2021, the Company determined that it would not continue with exploration at the Stewart Brook Gold project. An impairment charge of $39,797 was recorded with respect to prior property costs and exploration expenditures for the project.

Rogers Creek and Mackenzie properties
The Rogers Creek and Mackenzie projects were acquired with the reverse takeover of Miocene. These properties are described as follows.

Rogers Creek
During September 2021, the Company completed the sale of a 100% interest in the Rogers Creek property to Tocvan Ventures Corp. ("Tocvan") as discussed below. The Rogers Creek project is located within the Coastal Mountain Belt of British Columbia, northeast of Vancouver and consists of 23 claims totalling 212 sq. km. in area. A 2.5% NSR royalty is payable to the original vendor of the property upon production, half of which can be purchased for $1.25 million.

During May 2018, the Company entered into an option earn-in agreement with Tocvan who had a right to earn an 80% interest in the Rogers Creek project by spending $1,900,000 on exploration; payment of $25,000 cash; and the issuance of 1,300,000 Tocvan common shares over the initial four year earn-in period. Initial payments of $25,000 cash and 500,000 common shares were payable following the Canadian Securities Exchange's approval of Tocvan's going public transaction. These initial payments were received during March 2019. During June 2020, the Company received a second payment of 200,000 common shares. Following the successful completion of the earn-in, an 80% / 20% joint venture was to be formed where the Company would have retained a 20% interest in the project subject to funding future pro-rata expenditures. A 3% NSR royalty was to be payable by Tocvan to the Company with advance royalty payments of $50,000 per year after Tocvan had earned its 80% interest.

On September 29, 2021, the Company and Tocvan entered into a purchase and sale agreement for the Rogers Creek project whereby Tocvan acquired a 100% interest in the project and the prior option earn-in agreement was terminated. Consideration received for the sale was comprised of 500,000 common shares of Tocvan and will also include common shares in a newly formed company called Cascade Copper Corp., having a value of $75,000, based on the prelisting financing price when listed on the Canadian Securities Exchange. Tocvan will, subject to shareholder and regulatory approval, spin out its 100% interest in the Rogers Creek project into Cascade Copper Corp., which will focus on copper porphyry exploration assets in Southern British Columbia. The Company will retain a 2% NSR on the Rogers Creek project where 1% can be repurchased for $1 million.

Mackenzie
The Company had a 100% interest in the Mackenzie property located within the Coastal Mountain Belt of British Columbia, north of Vancouver which consists of 9 claims totalling 91 sq. km. in area. The property is subject to a 2% NSR royalty which is payable upon production, 62.5% of which can be purchased at $1 million adjusted for the Consumer Price Index for the City of Vancouver. The Company has the first right of refusal to purchase the remaining 37.5% of the NSR. Additionally, a 1.75% NSR royalty on the Mackenzie property was granted to Wallbridge Mining Company Ltd. ("Wallbridge") in connection with Miocene's prior line of credit arrangements with Wallbridge. The Wallbridge NSR can be repurchased for $1.75 million.

As at August 31, 2021, the Company recorded an impairment charge of $3,039,374 with respect to its property and exploration expenditures related to the Rogers Creek and Mackenzie projects. This impairment charge left a residual value of $525,000 relating to the Rogers Creek property equivalent to the value of the Tocvan and Cascade Copper common shares to be received. A full impairment charge with respect to the Mackenzie project was recorded. During December 2021, the Mackenzie project claims lapsed.

(expressed in Canadian dollars)

8. Capital stock

Authorized
The Company is authorized to issue an unlimited number of common shares, having no par value.

Issued
Share issuances during fiscal 2022
On November 9, 2021, the Company closed a bought deal private placement with a syndicate of underwriters led by Canaccord Genuity Corp., pursuant to which the underwriters purchased a total of 101,582,178 common shares of the Company for gross proceeds of $19,300,614. In connection with this financing, cash commissions totaling $1,150,541 were paid to the underwriters (in addition to other direct share issue costs incurred of $165,323) and a total of 6,016,031 broker warrants exercisable for common shares at $0.19 were issued with an expiry date of November 9, 2023. These broker warrants were recorded at a value of $634,100.

During October 2021, the Company issued 25,001,540 common shares of the Company valued at $5,100,314 to Ares for its interest in the Jasperoide project (see note 7).

Share issuances during fiscal 2021
During August 2021, the Company issued 190,062 common shares in connection with the purchase of the Rodinia royalty (see note 7). These common shares were recorded at a value of $29,840.

During February 2021, the Company closed a brokered private placement financing in two tranches raising total gross proceeds of $7,414,509 with the issuance of 52,960,779 common shares. In connection with this financing, the Company paid cash commissions and a corporate finance fee in the aggregate amount of $518,446 (in addition to other direct share issue costs incurred of $135,950) and issued a total of 3,706,900 broker warrants to the agents. Each broker warrant entitles the holder to purchase one common share at a price of $0.14 per share until their expiry date on February 18, 2022. These broker warrants were recorded at a value of $286,000.

During January through March of 2021, the Company issued 23,344,751 common shares upon the exercise of 23,344,571 warrants with a fair value of $483,484 for cash proceeds of $2,334,475; issued 8,060,000 common shares upon the exercise of 8,060,000 stock options with a fair value of $326,059 for cash proceeds of $481,000; and, issued 458,800 common shares upon the exercise of 458,800 broker warrants with a fair value of $14,022 for cash proceeds of $23,840.

Warrants
As at November 30, 2021, a total of 5,200,000 warrants were outstanding. These warrants are exercisable at $0.08 and expire on September 4, 2022. During January through March of 2021, a total of 23,344,751 warrants were exercised for cash proceeds to the Company of $2,334,475. During March 2021, a balance of 684,999 warrants exercisable at $0.10 expired.

The fair value of warrants have been estimated using the Black-Scholes option pricing model and this value has been presented as a separate component of shareholders' equity. The range of assumptions used for the valuation of warrants during fiscal 2020 was as follows: expected life of 3.0 years; expected volatility of 91%; risk-free interest rate of 1.70%; and, a dividend yield of nil.

Broker warrants
In connection with the November 2021 bought deal private placement the Company issued a total of 6,016,031 broker warrants to the agents. Each broker warrant entitles the holder to purchase one common share at a price of $0.19 per share until their expiry date on November 9, 2023. These broker warrants were recorded at a value of $634,100. In connection with the February 2021 brokered placement the Company issued a total of 3,706,900 broker warrants to the agents. Each broker warrant entitles the holder to purchase one common share at a price of $0.14 per share until their expiry date on February 18, 2022. These broker warrants were recorded at a value of $286,000.

As at November 30, 2021, a total of 12,016,331 broker warrants were outstanding as follows.

Number	Exercise price $	Expiry date
718,400	0.05	January 18, 2022
1,575,000	0.055	August 26, 2022
3,706,900	0.14	February 18, 2022
6,016,031	0.19	November 9, 2023
12,016,331	0.15	

As at August 31, 2021, a total of 6,000,300 broker warrants were outstanding with a weighted-average exercise price of $0.11. Subsequent to quarter end, during December 2021, a total of 423,800 broker warrants were exercised for proceeds to the Company of $21,190 and during January 2022, a balance of 294,600 broker warrants expired. During January through May of 2021, a total of 458,800 broker warrants were exercised for proceeds to the Company of $23,840.

(expressed in Canadian dollars)

The fair value of broker warrants was estimated using the Black-Scholes option pricing model and the values were recorded in contributed surplus and share issue costs reducing capital stock. The range of assumptions used for the valuation of these broker warrants are as follows.

	2022	2021
Expected life in years	2.0	1.0
Expected volatility	107%	134%
Risk-free interest rate	0.95%	0.23%
Dividend yield	Nil	Nil
Weighted-average exercise price	0.19	0.14
Weighted-average market price at issue date	0.19	0.15
Weighted-average fair value	0.105	0.077

Stock options

During October 2010, the Company approved a stock option plan available to its employees, officers, directors and service providers. The number of options available under the plan is a maximum of 10% of the total number of issued and outstanding common shares. The Compensation Committee recommends to the Board the vesting period and exercise rights for each stock option granted.

Activity with respect to stock options is as follows:

	Number	Weighted-average exercise price $	Expiry
Balance, August 31, 2020	28,705,000	0.08	February 2021 to December 2024
Exercised	(8,060,000)	0.06	February 2021 to May 2024
Granted	18,000,000	0.13	January 2026 to April 2026
Forfeited	(300,000)	0.15	March 2026
Balance, November 30 and August 31, 2021	38,345,000	0.11	April 2022 to April 2026

As at November 30, 2021 outstanding stock options are as follows:

Options outstanding			Options exercisable		
Exercise price $	Number of options	Weighted-average remaining contractual life (years)	Number of options	Weighted-average remaining contractual life (years)	Expiry
0.05	8,610,000	3.0	8,610,000	3.0	December 7, 2024
0.08	5,450,000	2.5	5,450,000	2.5	May 15, 2024
0.10	2,085,000	0.4	2,085,000	0.4	April 30, 2022
0.10	500,000	0.6	500,000	0.6	June 22, 2022
0.10	1,000,000	1.7	1,000,000	1.7	July 31, 2023
0.11	8,000,000	4.1	2,000,000	4.1	January 5, 2026
0.15	1,000,000	1.7	1,000,000	1.7	July 31, 2023
0.15	8,700,000	4.3	4,300,000	4.3	March 26, 2026
0.17	1,000,000	4.5	500,000	4.5	April 15, 2026
0.20	1,000,000	1.7	1,000,000	1.7	July 31, 2023
0.25	1,000,000	1.7	1,000,000	1.7	July 31, 2023
	38,345,000	3.2	27,445,000	2.8	

On January 5, 2021, the Company granted a total of 8,000,000 stock options to directors, officers, employees and consultants of the Company. These stock options are exercisable at $0.11 per share and expire on January 5, 2026. On March 25, 2021, the Company granted a total of 9,000,000 stock options to directors, officers, employees and consultants of the Company. These stock options are exercisable at $0.15 per share and expire on March 26, 2026. On April 14, 2021, the Company granted a total of 1,000,000 stock options to an officer and a consultant of the Company. These stock options are exercisable at $0.17 per share and expire on April 15, 2026.

(expressed in Canadian dollars)

During the three month period ended November 30, 2021, the Company recorded a total of $260,174 (Q1 fiscal 2021 - $nil) in share based compensation expense related to stock options. Share based compensation amounts are included in shareholders' equity as contributed surplus. The values determined using the Black-Scholes option pricing model, with respect to stock options granted during fiscal 2021 utilized the following assumptions and values.

	2021
Expected volatility	99.7% to 106.7%
Expected option life (in years)	5.0
Risk-free interest rate	0.33% to 0.75%
Expected dividend yield	Nil
Weighted-average exercise price	0.13
Weighted-average market price at grant date	0.11
Weighted-average fair value	0.098

The Company determines expected volatility in relation to both historical Company volatility and by analysis of comparable companies in the mineral exploration sector.

Restricted share unit / Deferred share unit plan ("RSU / DSU Plan")

On June 13, 2013, Company shareholders adopted a RSU/DSU Plan. The Plan provides for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, consultants and non-employee directors by granting equity-based compensation incentives, in addition to the Company's stock option plan. The number of shares reserved for issuance for the RSU/DSU Plan and the stock option plan combined shall not exceed 20% of the issued and outstanding common shares on the date of adoption. Under the RSU/DSU Plan, no cash settlements are made as settlement is in common shares only. On June 16, 2017, shareholders of the Company approved an increase in the number of common shares reserved for the RSU/DSU Plan to 9,126,451. Under the terms of the RSU/DSU Plan, the number of common shares issued and issuable to insiders within a one-year period shall not exceed 10% of the issued and outstanding common shares; and, to any one insider within one year shall not exceed 5% of the issued and outstanding common shares. The maximum grant within a one-year period to any one participant shall not exceed 5% of the total issued and outstanding common shares.

Restricted share units

RSUs have been utilized to compensate participants for their individual performance based achievements and corporate performance, and they are intended to supplement stock option awards. The Company's Compensation Committee may determine the vesting schedule of RSUs at the time of grant. The settlement date shall be no later than the third anniversary of the date of grant and all payments in respect of the vested units shall be paid in full before the end of the same calendar year. Non-vested RSUs are forfeited if the participant voluntarily leaves employment with the Company. On exercise of RSUs, the shares are issued from treasury.

On January 5, 2021, the Company granted 1,500,000 RSUs to a director. These RSUs will vest over a one year period. During the three month period ended November 30, 2021, the Company recorded $41,250 in share based compensation expense with respect to these RSUs based on the fair value at the grant date. The value of RSUs granted is recorded as share based compensation expense in contributed surplus over the vesting period.

Deferred share units

DSUs have been utilized as a means of reducing the cash payable by the Company for amounts owing to non-executive directors. A DSU is a notional share that has the same value as one share of the Company as at the grant date. DSUs are settled with the issuance of common shares to directors when they retire from the Board. As DSUs are equity settled, they are fair valued based on the market value of the shares at the grant date.

As at November 30, 2021 and August 31, 2021, a total of 1,551,694 DSUs were outstanding having been previously granted to directors of the Company. No additional DSUs were granted during the three month period ended November 30, 2021 or during the year ended August 31, 2021.

9. Related party transactions and compensation of key management

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of Chief Executive Officer and President, Chief Financial Officer, Vice President and Director. Compensation awarded to key management has been recorded at the exchange amount, being the amount agreed to by the respective parties, and is with respect to short-term compensation and was conducted in the normal course of business. Amounts are summarized as follows:

	Three months ended November 30, 2021 $	Three months ended November 30, 2020 $
Salaries and contract fee expense of key management	298,436	126,761
Value of RSUs expensed (note 8)	41,250	-
Value of stock options with officers and directors expensed (note 8)	233,484	26,392
	573,170	153,153

(expressed in Canadian dollars)

As at November 30, 2021, a total of $47,297 (August 31, 2021 - $18,233) is included in accounts payable and accrued liabilities with respect to amounts due to key executive management for service contract obligations and expenses.

The Company has management service agreements with each of its President and Chief Executive Officer, Vice President, Exploration, Vice President, Business Development and Chief Financial Officer which provide for a payment upon termination without cause. The President and Chief Executive Officer would be entitled to the greater of one months' compensation for each year of service or six months' compensation. With respect to the Vice President Exploration a payment equivalent to six months' compensation would be payable upon termination without cause. With respect to the Vice President Business Development and Chief Financial Officer, payments equivalent to three months' compensation is payable upon termination without cause. The service agreements for the Vice President Exploration, Vice President Business Development and Chief Financial Officer also provide that under certain conditions, including a change in control of the Company, that each of these individuals would be entitled to a lump sum payment. These payments are equivalent to twelve months' compensation with respect to the Vice President Exploration and six months' compensation with respect to both the Vice President Business Development and Chief Financial Officer.

10. Financial instruments and risk management

As at November 30, 2021, the Company's financial instruments include cash and cash equivalents, restricted deposits, marketable securities, accounts payable and accrued liabilities. Due to the short-term nature of these financial instruments the carrying values approximate their fair values.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, price risk, currency risk and interest rate risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Company's annual financial statements as at August 31, 2021. There have been no changes in the Company's risk management policies or procedures since the year end.

11. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Ontario, Canada. The Company's exploration property assets are in Peru, Jamaica and previously in British Columbia, Canada. Long-term assets by geographic area are as follows:

	November 30, 2021			August 31, 2021		
	Equipment $	Mineral exploration properties $	Deferred exploration expenditures $	Equipment $	Mineral exploration properties $	Deferred exploration expenditures $
Peru	56,009	13,604,989	7,928,204	53,314	8,137,689	5,498,368
Jamaica	3,745	2,736,542	5,024,630	3,833	2,736,592	4,951,159
Canada	12,368	-	-	13,371	525,000	-
	72,122	16,341,531	12,952,834	70,518	11,399,281	10,449,527

12. Capital management

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs (see note 1, going concern).

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these consolidated financial statements.

(expressed in Canadian dollars)

13. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Three months ended November 30, 2021 $	Three months ended November 30, 2020 $
Exploration expenditures included in accounts payable and accrued liabilities	453,955	35,999
Depreciation of field vehicle and equipment charged to exploration expenditures	3,006	1,653

14. Global COVID-19 pandemic

The outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The ultimate duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. COVID-19 may hinder both the Company’s ability to conduct exploration activities in the jurisdictions that it operates in and its ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company’s business and financial condition.