Abacus Mining & Exploration Corporation

(an exploration stage company)

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of Abacus Mining & Exploration Corporation.

Abacus Mining & Exploration Corporation’s independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity’s auditor.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)
Condensed interim consolidated statements of financial position
Unaudited - Expressed in Canadian dollars

	NOTE	September 30, 2021	December 31, 2020
ASSETS		**($)**	**($)**
Current assets:			
Cash and cash equivalents		637,139	628,465
Amounts receivable		1,659	25,337
Prepaid expenses		39,137	25,718
		677,935	679,520
Non-current assets:			
Investment in KGHM Ajax Mining Inc.	**4**	4,554,139	5,424,924
Exploration and evaluation assets	**5**	463,440	432,074
		5,017,579	5,856,998
		5,695,514	**6,536,518**
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable and accrued liabilities		536,244	207,224
KGHM Ajax project loan	**6**	20,710,730	19,250,908
		21,246,974	19,458,132
Shareholders' deficit:			
Capital stock	**7**	90,241,994	88,824,083
Reserves-options		5,906,386	5,638,517
Reserve - warrants		74,843	65,571
Deficit		(111,774,683)	(107,449,785)
		(15,551,460)	(12,921,614)
		5,695,514	**6,536,518**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.
Nature of operations and going concern (Note 1)
Subsequent event (Note 11)

Approved and authorized for issue by the Board of Directors on November 25, 2021

"Michael McInnis"
Chairman

"Kerry Spong"
Director

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)
Condensed interim consolidated statements of loss and comprehensive loss
Unaudited - Expressed in Canadian dollars

	Note	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021		Nine months ended September 30 2020
		($)	**($)**	**($)**		**($)**
General and administrative expenses:						
Accounting and audit		15,913	12,450	36,908		48,487
Exploration and evaluation expenditures	**5**	457,438	90,886	1,046,206		105,318
Foreign exchange loss (gain)		(640)	378	1,586		775
Insurance		9,123	6,067	26,054		17,367
Legal		20,000	170,429	229,125		175,577
Office		5,702	23,705	11,908		30,486
Rent		4,800	4,800	14,400		14,400
Salaries and contract wages		55,002	47,818	173,327		111,834
Share-based payments	**7**	-	3,507	267,869		166,515
Transfer agent and regulatory fees		1,169	10,291	21,698		23,945
Travel and promotion		15,325	38,881	99,262		47,707
		583,832	409,212	1,928,343		742,411
Other items:						
Write off of exploration and evaluation assets	**5**	65,948	-	65,948		-
Interest expense	**6**	505,408	458,528	1,459,822		1,328,971
Loss on equity investment in KGHM Ajax Mining Inc.	**4**	104,492	43,773	870,785		199,559
Loss and comprehensive loss for the period		1,259,679	911,513	4,324,898		2,270,941
Loss per share, basic and diluted		(0.01)	(0.01)	(0.05)		(0.04)
Weighted average number of common shares outstanding	#	85,941,676	68,481,655	81,436,751	#	64,636,217

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim consolidated statements of changes in shareholders' deficit

Unaudited - Expressed in Canadian dollars

	NOTE	Share capital		Reserve			
		Number of shares	Capital stock	Stock options	Warrants	Deficit	Total shareholders' deficit
		(#)	($)	($)	($)	($)	($)
Balance, December 31, 2019		**62,660,776**	**87,444,348**	**5,458,359**	**35,625**	**(104,420,827)**	**(11,482,495)**
Securities issued for cash		11,312,500	1,450,000	-	-	-	1,450,000
Share issuance costs - cash		-	(44,902)	-	-	-	(44,902)
Share issuance costs - warrants		-	(29,946)	-	29,946	-	-
Issued for Willow property option	5,7	41,667	4,583	-	-	-	4,583
Share-based payments		-	-	166,515	-	-	166,515
Loss for the period		-	-	-	-	(2,270,943)	(2,270,943)
Balance, September 30, 2020		**74,014,943**	**88,824,083**	**5,624,874**	**65,571**	**(106,691,770)**	**(12,177,242)**
Share-based payments		-	-	13,643	-	-	13,643
Loss for the period		-	-	-	-	(758,015)	(758,015)
Balance, December 31, 2020		**74,014,943**	**88,824,083**	**5,638,517**	**65,571**	**(107,449,785)**	**(12,921,614)**
Issued for Willow property option	5,7	83,333	12,083	-	-	-	12,083
Securities issued for cash		11,500,000	1,495,000	-	-	-	1,495,000
Share issuance costs - cash		-	(110,410)	-	-	-	(110,410)
Share issuance costs - warrants		-	(9,273)	-	9,273	-	-
Exercise of warrants		343,400	30,510	-	-	-	30,510
Share-based payments		-	-	267,869	-	-	267,869
Loss for the period		-	-	-	-	(4,324,898)	(4,324,898)
Balance, September 30, 2021		**85,941,676**	**90,241,994**	**5,906,386**	**74,843**	**(111,774,683)**	**(15,551,460)**

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim consolidated statements of cash flows

Unaudited - Expressed in Canadian dollars

	Nine months ended September 30, 2021	2020
	($)	**($)**
Operating activities:		
Loss for the period	(4,324,898)	(2,270,941)
Adjustments and items not involving cash:		
Share of loss in equity investment	870,785	199,559
Share-based payments	267,869	166,515
Interest expense	1,459,822	1,328,971
Write off of exploration and evaluation assets	65,948	-
Changes in working capital related to operating activities:		
Prepaid expenses	(13,420)	(16,494)
Accounts receivable	23,678	1,886
Accounts payable and accrued liabilities	329,021	98,268
Cash used for operating activities	**(1,321,195)**	**(492,236)**
Investing activities:		
Exploration and evaluation assets	(85,231)	(26,626)
Cash used for investing activities	**(85,231)**	**(26,626)**
Financing activities:		
Proceeds from warrant exercise	30,510	-
Proceeds from private placement	1,495,000	1,405,098
Share issuance costs	(110,410)	-
Cash provided by financing activities	**1,415,100**	**1,405,098**
Increase (decrease) in cash and cash equivalents during the period	8,674	886,236
Cash and cash equivalents, beginning of the period	628,465	431,575
Cash and cash equivalents, end of period	**637,139**	**1,317,811**

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

1. NATURE of OPERATIONS AND GOING CONCERN

Abacus Mining & Exploration Corporation (the “Company” or “Abacus”), incorporated under the *Company Act* (British Columbia), is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties in Canada and the U.S.A. The address of the Company’s office is Suite 1000 - 1050 West Pender Street, Vancouver, British Columbia, Canada.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent acquisition costs incurred to date, less any amounts written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company raising capital, the sale or entering into a joint venture of the Company’s exploration and evaluation assets, and/or the attainment of profitable operations.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at September 30, 2021 the Company had a working capital deficit (current assets less current liabilities) of $20,569,039 (December 31, 2020: working capital deficit of $18,778,612), which working capital deficit includes the KGHM Ajax project loan (the “KGHM Loan”), with a carrying value of $20,710,730 (December 31, 2020: $19,250,908) (Note 6). During the nine-month period ended September 30, 2021, the Company incurred a loss of $4,324,898 (September 30, 2020: $2,270,941) and used cash for operating activities of $1,321,195 (September30, 2020: $492,236).

The KGHM Loan is secured by the investment in KGHM Ajax, is non-revolving, bears interest of 10% per annum, matures on December 31, 2021, and specifies the good faith commitment of the parties to negotiate for an extension of the maturity date, should the commencement of commercial production and the distribution of dividends, in an aggregate amount sufficient for purposes of repayment of the loan, not have occurred by the maturity date. At September 30, 2021 and as at the date of approval of these condensed interim consolidated financial statements, the Company does not have the funds available to satisfy the loan. In December 2017, following a six-year environmental assessment review process, the British Columbia Minister of Environment and Climate Change Strategy and Minister of Energy, Mines and Petroleum Resources announced they had declined the issuance of an Environmental Assessment Certificate required for the Ajax Project to proceed toward commercial production. During the year ended December 31, 2020, the maturity date of the KGHM Loan was extended to December 31, 2021 (the “Extended Maturity Date”). There can be no assurance that the necessary environmental approvals will be granted prior to the date of maturity of the KGHM Loan, nor is there any assurance that an extension of the maturity date of the KGHM Loan will be negotiated prior to the Extended Maturity Date.

The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding will be available to conduct further exploration and development of its mineral properties. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock or joint ventures, to renegotiate the maturity date of the KGHM Loan and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

Management plans to continue to secure the necessary financing through a combination of equity financing and entering into joint venture arrangements; however, there is no assurance that the Company will be successful in these actions. These condensed interim consolidated financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The outbreak of the coronavirus (COVID-19) global pandemic has adversely affected workforces, economies, and financial markets globally. Since March 2020, several governmental measures have been implemented and amended in Canada and the rest of the world in response to the pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company has experienced various delays, closures, and shortages that have affected its ability to conduct its exploration activities in the normal course of operations. The Company anticipates this and future such events could have an adverse impact on its business, results of operations, financial position and cash flows. The Company continues to operate its business, and adheres to Canadian Federal, Provincial and US Federal, State and regional emergency measures as those are developed. COVID-19 and the various government measures, which could include government mandated temporary closures of international borders, of the Company or of its contractors, or restrictions on travel of various personnel, could impact the Company's ability to conduct its exploration programs in a timely manner. The Company continues to adapt to these changing circumstances and to evaluate the best way to move its exploration activities forward during current conditions and when emergency measures are lifted.

2. BASIS OF PREPARATION and SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial instruments at fair value, if any held, that have been measured at fair value. These condensed interim consolidated financial statements are presented in Canadian dollars, except where otherwise noted.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Interim financial statements do not include all the information required for full annual financial statements. These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020. These condensed interim consolidated financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on November 25, 2021.

(b) Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Abacus Mining & Exploration (NV) Corporation, a company incorporated in the state of Nevada, USA. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

(c) Foreign currency translation

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of loss and comprehensive loss for the period. Unless otherwise indicated, all dollar amounts in these condensed interim consolidated financial statements are in Canadian dollars.

(d) Significant accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Judgments

(i) The assessment by management of the Company's liquidity position and whether going concern disclosure is required in the condensed interim consolidated financial statements.

As part of this process, management prepares cash flow budgets detailing expected expenditures for at least the next twelve months. The assessment of the Company's liquidity position takes into account the Company's working capital position, the timing of discretionary and non-discretionary expenditures and also the status of any potential equity financings.

(ii) The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and these assets have been accounted for under the assumption that the carrying value will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves.

Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets. Management reviewed exploration and evaluation assets for the years ended December 30, 2019 and 2018 and did not identify any impairment indicators.

Estimates and assumptions

Realization of investment in associate
Realization of the Company's investment in KGHM Ajax is dependent upon KGHM Ajax obtaining permits, the satisfaction of governmental requirements, satisfaction of possible aboriginal claims, the attainment of successful production from the properties, or from the proceeds upon disposal of KGHM Ajax's assets or the Company's interest in KGHM Ajax. The Company performed an assessment, in accordance with its accounting policy, and identified objective evidence of impairment as at December 31, 2019 and December 31, 2018.

Unaudited - Expressed in Canadian dollars

Where objective evidence of impairment is identified, the recoverable amount of the investment in KGHM Ajax would involve using the most recent financial information from KGHM in assessing whether a potential impairment has occurred. The assumptions estimating fair value of KGHM Ajax's non-current assets. These assumptions and estimates are subject to change based on economic and other factors and these changes can have a material impact on the calculation of recoverable amount of the project.

While management believes that these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive loss and cash flows. 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies have been used in the preparation of these condensed interim consolidated financial statements as those used in the most recent audited annual financial statements and in the opinion of management reflect all the adjustments considered necessary for the fair presentation in accordance with IFRS of the result of the interim periods presented.

4. INVESTMENT IN KGHM AJAX MINING INC.

KGHM Ajax is a private company incorporated under the Corporations Act (British Columbia) and engaged principally in the exploration and development of the Ajax Project located near Kamloops, British Columbia. As at September 30, 2021, KGHM owns 80% and the Company owns 20% of the common and voting shares of KGHM Ajax. Additionally, the Company has representation on the Board of Directors. As such, the Company is considered to have significant influence over KGHM Ajax, and accordingly accounts for its investment in KGHM Ajax using the equity method, pursuant to which its investment in KGHM Ajax is initially recognized at cost then subsequently adjusted for the Company's share of the profits and/or losses of KGHM Ajax as well as any distributions received from KGHM Ajax. To date no dividends or distributions to shareholders of KGHM Ajax have occurred.

During the period ended September 30, 2021, Abacus contributed $Nil (December 31, 2020: $Nil) to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the JV Agreement, to finance the continuing operations of KGHM Ajax. Cash calls are funded through additional loans from KGHM (Note 6).

	($)
December 31, 2019	**5,634,214**
Cash contributions to KGHM Ajax pursuant to cash calls	-
Share of the loss of KGHM Ajax	(199,559)
September 30, 2020	**5,434,655**
Cash contributions to KGHM Ajax pursuant to cash calls	-
Share of the loss of KGHM Ajax	(9,731)
December 31, 2020	**5,424,924**
Cash contributions to KGHM Ajax pursuant to cash calls	-
Share of the loss of KGHM Ajax	(870,785)
September 30, 2021	**4,554,139**

Unaudited - Expressed in Canadian dollars

5. EXPLORATION AND EVALUATION ASSETS

The Company has investigated ownership of its mineral interests as at September 30, 2021, and to the best of the Company's knowledge, ownership of its interests is in good standing.

	Willow Project ($)	Jersey Valley ($)	Total ($)
December 31, 2019	**256,323**	**6,699**	**263,022**
Acquisition Costs	4,583	26,626	31,209
September 30, 2020	**260,906**	**33,325**	**294,231**
Acquisition Costs	105,196	32,648	137,843
December 31, 2020	**366,102**	**65,972**	**432,074**
Acquisition Costs	97,338	-	97,338
Write off of exploration and evaluation assets	-	(65,972)	(65,972)
September 30, 2021	**463,440**	**-**	**463,440**

The following table shows the activity by category of exploration:

Exploration and Evaluation Expenditures	**September 30, 2021 ($)**	**September 30, 2020 ($)**
Consulting and project supervision	145,867	14,234
Other	36,211	1,712
Drilling	807,430	-
Surveying	-	4,953
Claims maintenance	56,698	63,433
Geophysics	-	20,986
Total	**1,046,205**	**105,318**

Unaudited - Expressed in Canadian dollars

Willow Project (includes the Willow Property and the Nev-Lorraine Property):

As the Nev-Lorraine Property is contiguous to the Willow Property, the two properties have been aggregated, for geological and exploration reporting purposes only, into the Willow Project. (See Willow Option Agreement and Nev-Lorraine Lease Agreement below.)

Willow Option Agreement:
On February 14, 2017, the Company entered into an option agreement ("Option Agreement") with Almadex Minerals Limited and its wholly-owned Nevada subsidiary Almadex America Inc. (collectively, "Almadex"), to acquire, the exclusive right and option to earn, in the aggregate, up to a 75% undivided ownership interest in the Willow Property (the "Willow Property"), located in Douglas County, Nevada USA. To acquire the initial 60% Option Interest in the Willow Property, the Company is required to issue common shares and incur exploration expenditures as follows:

Date	Common shares in the capital of Abacus		Cumulative minimum annual exploration expenditures	
	(#)		**(US$)**	
TSX-V approval (received February 22, 2017)	41,667	(1)	Nil	
On or before February 22, 2018	41,667	(1)	100,000	(2)
On or before February 22, 2019	41,667	(1)	400,000	(2)
On or before February 22, 2020	41,667	(1)	1,000,000	(2)
On or before February 22, 2021	83,333	(1)	1,800,000	(2)
On or before February 22, 2022	166,666		3,000,000	
Total	**416,667**			

(1) Issued to September 30, 2021
(2) Incurred to September 30, 2021

Upon having earned the 60% Option Interest in the Willow Property and until February 22, 2027, the Company will be required to incur minimum exploration expenditures on an exploration program on the Property of US$500,000 per year. The Company will act as the Willow Property's operator during the initial five-year term and following the earning of the 60% Option Interest, until such time as a joint venture is established, as described below. Under the terms of the Option Agreement, should either Abacus or Almadex acquire the rights to additional property ("AP") within the Area of Interest ("AOI"), the other party may elect to make the AP part of the Willow Project. Almadex elected to include the Nev-Lorraine claims (see *Nev-Lorraine Lease Agreement* below) to the Willow Project.

In order to earn the 15% Additional Interest, such that the Company would have an aggregate interest of 75% in the Willow Property, the Company will be required to deliver a Feasibility Study on the Willow Property to Almadex on or before February 22, 2027. Upon having earned the Additional Interest, the Company will continue to act as the Willow Property's operator until such time as a 75:25 joint venture entity is established for the further management, exploration and development of the Willow Property.

Nev-Lorraine Lease Agreement:
The Company entered into an Exploration and Option to Purchase Agreement, as amended, (the "NL Agreement") dated effective January 1, 2018, with three individuals (collectively, the "Optionors"), to lease the Nev-Lorraine unpatented mining claims located in Douglas County, Nevada, USA (the "Nev-Lorraine Property"). The Agreement is a ten-year lease agreement allowing the Company to explore the Nev-Lorraine claims pursuant to the following payments and expenditures:

Unaudited - Expressed in Canadian dollars

Date	Minimum Payments (US$)		Date	Cumulative Minimum Annual Exploration Expenditures (US$)	
Initial minimum payment	3,000	(1)	-	-	
On execution of the Agreement	60,000	(1)	On or before December 31, 2018	20,000	(2)
On or before January 1, 2019	70,000	(1)	On or before December 31, 2019	40,000	(2)
On or before January 1, 2020	20,000	(1)	On or before December 31, 2020	60,000	(2)
On or before December 31, 2020	60,000	(1)	-	-	
On or before January 1, 2021	22,500	(1)			
On or before April 1, 2021	22,500	(1)			
On or before July 1, 2021	22,500	(1)			
On or before October 1, 2021	22,500	(1)	On or before December 31, 2021	80,000	(2)
On or before January 1, 2022	100,000		On or before December 31, 2022	100,000	
On or before January 1, 2023	110,000		On or before December 31, 2023	120,000	
On or before January 1, 2024	120,000		On or before December 31, 2024	140,000	
On or before January 1, 2025	130,000		On or before December 31, 2025	160,000	
On or before January 1, 2026	140,000		On or before December 31, 2026	180,000	
On or before January 1, 2027	150,000		On or before December 31, 2027	200,000	
Total	**1,053,000**				

(1) Paid to September 30, 2021
(2) Incurred to September 30, 2021

At any time during the life of the NL Agreement, the Company can elect to purchase the claim group outright from the Optionors, for sums ranging from US$1,500,000 to US$1,950,000. The Optionors do not retain an NSR, and the yearly expenditures are cumulative, meaning that any excess expenditure can be carried through to subsequent years. The Nev-Lorraine Property is in the AOI, and is included in the Willow Project as AP, under the terms of the Willow Option Agreement.

Jersey Valley Property:

On October 10, 2019, the Company entered into a Letter of Intent (the “Jersey Valley LOI”) with a private Nevada company for a 15-year lease on the Jersey Valley gold property, located in Nevada. The Jersey Valley LOI is a 15-year exclusive lease allowing the Company to explore the property pursuant to the following payment schedule:

	US$
On signing (Paid)	5,000
On or before January 31, 2020 (Paid)	20,000
On or before October 10, 2020 (Paid)	25,000
On or before October 10, 2021	35,000
On or before October 10, 2022	50,000
On or before October 10, 2023	100,000
On or before October 10 of each year beginning with the year 2024	150,000

The Jersey Valley property can be purchased outright at any time for US$2,000,000 and includes an NSR of 2% if the price of gold is less than US$1,600, and 3% if the price is greater than US$1,600. During the period ended September 30, 2021, the Company elected not to renew the lease on Jersey Valley; as such, the Company wrote off $65,948 in acquisition costs related to the Jersey Valley property on September 30, 2021.

Unaudited - Expressed in Canadian dollars

6. KGHM AJAX PROJECT LOAN

Under the terms of the JV Agreement, and without dilution to its 20% ownership of KGHM Ajax, the Company requested, beginning in 2015, that KGHM provide the Company's funding of the operations at Ajax as a loan (the "KGHM Loan").

The KGHM Loan is non-revolving, bears interest of 10% per annum, is secured by the investment in KGHM Ajax, and has a maturity date of December 31, 2021. Under the terms of the JV Agreement, if, at the time of maturity of the loan, the commencement of commercial production and the distribution of dividends by the JV to the Company are not sufficient to repay the KGHM Loan, the parties must, in good faith, negotiate an extension. Additionally, should the Company incur additional debt or dispose of assets, in each case in excess of $100,000, the funds borrowed or sales proceeds received must be used to make repayments on the KGHM Loan. The parties to the loan are currently negotiating an extension to the term of the KGHM Loan but there can be no assurance that an extension will be negotiated prior to December 31, 2021.

For the period ended September 30, 2021 $Nil (2020: $Nil) was provided by KGHM and the Company accrued interest of $1,459,822 for the period (2020: $1,328,971).

	($)
Total December 31, 2019	**17,460,712**
Funds advanced by KGHM	-
Interest	1,328,971
Total September 30, 2020	**18,789,683**
Funds advanced by KGHM	-
Interest	461,225
Total December 31, 2020	**19,250,908**
Funds advanced by KGHM	-
Interest	1,459,822
Total September 30, 2021	**20,710,730**

Unaudited - Expressed in Canadian dollars

7. SHAREHOLDERS' EQUITY

(a) Authorized capital stock

At September 30, 2021, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(b) Share issuances

Exploration and evaluation assets:

On March 4, 2021, in connection with the Willow Option Agreement, the Company issued 83,333 common shares of the Company valued at $12,083.

Private Placement:

On April 14, 2021, the Company closed a private placement, pursuant to which it issued 11,500,000 units ("Units") at a price of $0.13 per Unit, for gross proceeds of $1,495,000. Each Unit consists of one common share of the Company ("Share") and one-half of one common share purchase warrant, with each full Warrant exercisable to purchase one Share at a price of $0.20 per Share until April 14, 2023. In connection with the Offering, the Company paid a total of $17,476 in cash commissions and issued a total of 67,214 Finders' Warrants, which were valued at $9,273, using the following assumptions:

Assumptions:	
Risk-free rate (%)	0.28
Expected stock price volatility (%)	157
Expected dividend yield (%)	0
Expected life of warrants (years)	2

Legal, regulatory and other cash costs associated with the private placement totaled $92,934. The unit price of this offering was less than the trading price of the shares on the date of issuance, therefore, no residual value has been assigned to the warrants.

(c) Stock options

At the Company's Annual General Meeting held January 31, 2019, the Shareholders approved the repeal of the "20% fixed" stock option plan dated May 28, 2009 and the implementation of a "10% rolling" stock option plan (the "Rolling Plan"), pursuant to which the Board of Directors has the discretion to grant options for up to a maximum of 10% of the issued and outstanding shares. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors, and the exercise price to be set by the Board at the time such option is granted and in accordance with the rules of the Exchange. Options vest at the discretion of the Board, with the exception of options granted to parties providing investor relations services, which options will vest in equal quarterly intervals over a term of no less than 12 months from the date of the grant. The Rolling Plan further provides that at any such time the Exchange rules differ from specific terms of the Rolling Plan, then the rules of the Exchange shall apply.

Unaudited - Expressed in Canadian dollars

As at September 30, 2021, the Company had stock options outstanding to directors, officers and consultants as follows:

Exercise price ($)	**Expiry date**	**Outstanding (#)**	**Remaining contractual life (yrs)**
0.42	February 21, 2022	912,503	0.39
0.25	December 20, 2022	150,000	1.22
0.22	April 19, 2023	422,500	1.55
0.05	August 13, 2024	520,000	2.86
0.10	February 10, 2025	1,681,250	3.36
0.24	September 11, 2022	24,000	0.95
0.16	December 8, 2025	100,000	4.19
0.15	February 26, 2026	2,030,000	4.41
0.18	May 11, 2026	250,000	4.61
		6,090,253	**3.10**

A summary of the changes in the Company's stock options follows:

	Outstanding (#)	**Weighted average exercise price ($)**
Outstanding December 31, 2019	**3,579,162**	**0.31**
Granted	1,681,250	0.10
Granted	24,000	0.24
Expired	(244,997)	0.30
Outstanding September 30, 2020	**5,039,415**	**0.24**
Expired	(166,666)	0.35
Expired	(912,496)	0.24
Granted	100,000	0.16
Outstanding December 31, 2020	**4,060,253**	**0.18**
Granted	2,030,000	0.15
Granted	250,000	0.18
Expired	(250,000)	0.36
Outstanding September 30, 2021	**6,090,253**	**0.18**

During the period ended September 30, 2021:

On February 26, 2021 the Company granted options allowing for the purchase of up to, in the aggregate, 2,030,000 common shares in the capital of the Company at $0.15 per share until February 26, 2026, to employees, consultants, directors and officers of the Company. The options vested immediately and the total amount of share-based payments expense was calculated at $226,490, which was recognized during the period ended September 30, 2021. The grant date fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

Assumptions:	
Risk-free rate (%)	0.7
Expected stock price volatility (%)	166
Expected dividend yield (%)	0
Expected life of options (years)	5

Unaudited - Expressed in Canadian dollars

On May 11, 2021, the Company granted stock options allowing for the purchase of up to, in the aggregate, 250,000 common shares in the capital of the Company at $0.18 per share until May 11, 2026 to a consultant of the Company. The options vested immediately and the total amount of share-based payments expense was calculated at $41,379, which was recognized during the period ended September 30, 2021. The grant date fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

Assumptions:	
Risk-free rate (%)	0.73
Expected stock price volatility (%)	155
Expected dividend yield (%)	0
Expected life of options (years)	5

On April 19, 2021, stock option allowing for the purchase of up to 250,000 common shares of the Company at $0.36 per share expired.

Share-based payments reserve is included in shareholders' equity and consists of the estimated fair value of stock options.

(d) Warrants

The Company uses the residual method in determining the fair value of warrants issued, which method provides for the allocation of the consideration received to the fair value to the shares issued and allocating any residual amount to the warrants issued.

A summary of the changes in the Company's warrants follows:

	Outstanding	Weighted average exercise price
Outstanding December 31, 2019	**25,249,957**	**$0.10**
Expired	(1,641,667)	$0.48
Issued	3,100,380	$0.15
Issued	2,724,759	$0.22
Outstanding September 30, 2020	**29,433,429**	**$0.14**
Outstanding December 31, 2020	**29,433,429**	**$0.15**
Issued	5,817,214	$0.20
Expired	(4,142,500)	$0.30
Exercised	(300,000)	$0.08
Exercised	(43,400)	$0.15
Outstanding September 30, 2021	**30,764,743**	**$0.14**

Unaudited - Expressed in Canadian dollars

As at September 30, 2021, the warrants, with a weighted average remaining life of 1.07 years, expire as follows:

Issue date	Expiry date	Number (#)	Exercise price ($)
November 23, 2018	November 23, 2021 [(1)]	4,917,290	0.20
May 22, 2019	May 22, 2022	3,335,000	0.08
December 20, 2019	December 20, 2022	10,913,500	0.08
August 14, 2020	August 14, 2022	3,056,980	0.15
August 14, 2020	August 14, 2023	2,724,759	0.22
April 14, 2021	April 14, 2023	5,817,214	0.20
		30,764,743	

(1) On November 4, 2021, the Company received regulatory approval to extend the expiry date of warrants allowing for the purchase of up to, in the aggregate, 4,872,000 until November 23, 2022 (Note 11).

On April 3, 2021, warrants allowing for the purchase of up to 4,142,5000 common shares of the Company at $0.30 per share expired.

On April 28, 2021, warrants were exercised, pursuant to which the Company issued a total of 343,400 common shares of the Company, for total proceeds of $30,510.

8. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations and all of the costs are recorded at terms agreed upon between the parties. The Company's related party expenses for the periods ended September 30, 2021 and 2020 are as follows:

Management's and director's compensation	September 30, 2021	September 30, 2020
	($)	($)
Accounting	14,251	21,844
Consulting and contract wages	131,750	82,730
	146,001	**104,574**

During the period ended September 30, 2021, the Company was charged, by a company with directors in common, $14,400 in respect of rent (2020: $14,400).

At September 30, 2021, $135,822 (December 31, 2020: $135,822) was owed to various key management personnel in respect of consulting and contract wages and expenses incurred on behalf of the Company.

9. FINANCIAL RISK MANAGEMENT

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value on a recurring basis, whether changes in fair value are recognized in loss or other comprehensive loss. The Company has classified its cash and cash equivalents and receivables as financial assets measured at amortized cost; accounts payable and accrued liabilities and KGHM Ajax project loan as financial liabilities measured at amortized cost. The carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

The Company manages credit risk, in respect of its cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as all amounts are held through a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure in respect of its cash and cash equivalents and amounts receivable follows:

Concentration of credit risk and maximum exposure	**September 30, 2021**	**December 31, 2020**
	($)	**($)**
Bank accounts	637,139	628,465

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting obligations associated with financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated financing and investing activities. Accounts payable and accrued liabilities of $536,244 (December 31, 2020: $207,224) are due in the fourth quarter of 2021. Additionally, in connection with the Company's interest at the Ajax Project, the Company is party to the KGHM Loan, which at September 30, 2021 had a carrying value of $20,710,730 (December 31, 2020: $19,250,908). (See Note 1)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) *Interest rate risk*

a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not susceptible to interest rate risk since the KGHM loan is fixed at 10%.

(ii) *Foreign currency risk*

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

Unaudited - Expressed in Canadian dollars

10. SEGMENTED INFORMATION

All of the Company's operations are in the resource sector. The Company's mineral exploration and development operations are in Canada and the U.S.A. The capital assets and total assets identifiable with these geographical areas are as follows:

	September 30, 2021 ($)	December 31, 2020 ($)
Exploration & Evaluation Assets		
Canada	-	-
United States	463,440	432,074
	463,440	**432,074**

	September 30, 2021 ($)	December 31, 2020 ($)
Total Assets		
Canada	5,232,074	6,104,444
United States	463,440	432,074
	5,695,514	**6,536,518**

11. SUBSEQUENT EVENT

On November 4, 2021, the Company received approval to extend the exercise period for 4,872,000 share purchase warrants allowing for the purchase of up to, in the aggregate, 4,872,000 common shares in the capital of the Company, all of which are exercisable at $0.20 per share. The Warrants were issued pursuant to a private placement which closed November 23, 2018. The Company has extended the expiry date for these warrants by one additional year, and accordingly, the new expiry date for the warrants is November 23, 2022. All other terms of the warrants remain unchanged.

On November 23, 2021, shares purchase warrants allowing for the purchase of up to, in the aggregate, 45,290 common shares in the capital of the Company at $0.20 per share expired.