



SILVER HAMMER
MINING CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

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SILVER HAMMER MINING CORP.

Condensed Consolidated Interim Statements of Financial Position (unaudited)
Expressed in Canadian Dollars)

	As at	December 31, 2021	September 30, 2021
	Note(s)	\$	\$
ASSETS			
Current assets			
Cash		931,041	1,606,841
Amounts receivable		38,353	25,943
Prepaid expenses		144,937	233,323
Deposits		49,661	49,661
		1,163,992	1,915,768
Non-current assets			
Evaluation and exploration assets	3	6,463,374	5,978,366
TOTAL ASSETS		7,627,366	7,894,134
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	116,574	274,852
TOTAL LIABILITIES		116,574	274,852
SHAREHOLDERS' EQUITY			
Share capital	4	8,532,203	8,154,807
Reserves	4	1,193,170	1,230,840
Deficit		(2,214,581)	(1,766,365)
TOTAL SHAREHOLDERS' EQUITY		7,510,792	7,619,282
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,627,366	7,894,134
Corporate information and continuance of operations	1		
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Segmented information	7		
Subsequent event	10		

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Alnesh Mohan Director

/s/ Lawrence Roulston Director

See accompanying notes to these unaudited condensed consolidated interim financial statements

SILVER HAMMER MINING CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended	
		December 31, 2021 \$	December 31, 2020 \$
Expenses			
Consulting fees	5	76,500	-
Foreign exchange loss		5,025	-
General and administrative		17,160	1,214
Investor relations and promotion		255,676	-
Professional fees	5	73,071	16,187
Regulatory and transfer agents		10,607	-
Rent		-	3,334
Travel		10,177	-
Loss for the period		(448,216)	(20,735)
Other comprehensive income			
Foreign currency translation differences for foreign operations		2,946	-
Total comprehensive loss		(445,270)	(20,735)
Basic and diluted loss per share for the period (\$ per common share)		(0.01)	(0.00)
Weighted average number of common shares outstanding			
- basic and diluted		37,694,240	7,850,000

See accompanying notes to these unaudited condensed consolidated interim financial statements

SILVER HAMMER MINING CORP.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	Note(s)	Share capital		Reserves			Deficit	Total
		Number of shares	Amount	Stock options reserve	Warrants reserve	Foreign currency translation reserve		
Balance at September 30, 2021		37,405,960	8,154,807	1,039,545	184,125	7,170	(1,766,365)	7,619,282
Shares issued for cash - exercise of warrants	4	645,560	274,780	-	-	-	-	274,780
Shares issued for cash - exercise of stock options	4	100,000	62,000	-	-	-	-	62,000
Reclassification of grant-date fair value on exercise of warrants	4	-	10,386	-	(10,386)	-	-	-
Reclassification of grant-date fair value on exercise of stock options	4	-	30,230	(30,230)	-	-	-	-
Other comprehensive income		-	-	-	-	2,946	-	2,946
Loss for the period		-	-	-	-	-	(448,216)	(448,216)
Balance at December 31, 2021		38,151,520	8,532,203	1,009,315	173,739	10,116	(2,214,581)	7,510,792
Balance at September 30, 2020		7,850,000	236,501	87,500	-	-	(200,417)	123,584
Loss for the period		-	-	-	-	-	(20,735)	(20,735)
Balance at December 31, 2020		7,850,000	236,501	87,500	-	-	(221,152)	102,849

See accompanying notes to these unaudited condensed consolidated interim financial statements

SILVER HAMMER MINING CORP.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended	
		December 31, 2021	December 31, 2020
		\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the period		(448,216)	(20,735)
<i>Adjustments for items not affecting cash:</i>			
Change in non-cash working capital			
Amounts receivable		(12,410)	(500)
Prepaid expenses		88,386	-
Accounts payable and accrued liabilities		(104,997)	16,288
Cash flow used in operating activities		(477,237)	(4,947)
INVESTING ACTIVITIES			
Exploration and evaluation assets additions	3	(535,427)	-
Cash flow from (used in) investing activities		(535,427)	-
FINANCING ACTIVITIES			
Proceeds from share issuance, net of share issue costs	4	336,780	-
Cash flow from financing activities		336,780	-
Effects of exchange rate changes on cash		84	-
Decrease in cash		(675,800)	(4,947)
Cash, beginning of period		1,606,841	50,001
Cash, end of period		931,041	45,054
SUPPLEMENTAL CASH FLOW			
Exploration and evaluation assets costs included in accounts payable and accrued liabilities	3	32,888	-
Reclassification of the fair value of warrants exercised	4	10,386	-
Reclassification of the fair value of options exercised	4	30,230	-
Cash paid for interest during the period		-	-
Cash paid for income taxes during the period		-	-

See accompanying notes to these unaudited condensed consolidated interim financial statements

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
For the Three Months Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Silver Hammer Mining Corp. (formerly Lakewood Exploration Inc.) (the “Company”) was formed on May 2, 2017 under the laws of British Columbia and changed its name from Lakewood Exploration Inc. to Silver Hammer Mining Corp. on October 1, 2021. The address of the Company’s corporate office and its principal place of business is 206 – 595 Howe Street, Vancouver, British Columbia, Canada.

The Company’s common shares were listed on the Canadian Securities Exchange on April 29, 2021, and began trading under the symbol “LWD” on May 3, 2021 (the “Listing Date”). On October 1, 2021, the trading symbol was changed to “HAMR” in association with the name change.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at December 31, 2021, the Company holds an interest in an early-stage mineral exploration property and the Company had not yet determined whether the Company’s mineral property asset contains a deposit of minerals that is economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had a deficit of \$2,214,581 as of December 31, 2021 (September 30, 2021 – \$1,766,365), which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These unaudited condensed consolidated interim financial statements of the Company for the three months ended December 31, 2021 were approved by the Board of Directors on February 25, 2022.

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2021.

New Accounting Standards and Interpretations

There were no new or amended IFRS pronouncements effective October 1, 2021 that impacted these condensed consolidated interim financial statements.

3. EXPLORATION AND EVALUATION ASSETS

The Company’s evaluation and exploration assets are broken down as follows:

	Lacy Project	Silver Strand Project	Eliza Silver Project	Silverton Silver Project	Total
	\$	\$	\$	\$	\$
Balance as of September 30, 2021	265,317	3,170,098	1,287,007	1,255,944	5,978,366
Staking fees	-	-	7,759	-	7,759
Deferred exploration costs					
Consultants	-	52,683	11,901	11,901	76,485
Drilling	-	256,518	-	-	256,518
Field	-	22,515	-	-	22,515
Geological	-	46,154	-	-	46,154
Lodging and food	-	1,932	-	-	1,932
Sample analysis	-	41,015	14,910	14,910	70,835
Total deferred exploration costs	-	420,817	26,811	26,811	474,439
Effect of movements in exchange rates	-	2,532	109	169	2,810
Balance as of December 31, 2021	265,317	3,593,447	1,321,686	1,282,924	6,463,374

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Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
For the Three Months Ended December 31, 2021 and 2020
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3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Lacy Property

Pursuant to an option agreement dated November 2, 2017 (the “LP Agreement”) and amended on October 8, 2020, with Barrie Field-Dyde (the “LP Optionor”), the Company was granted an option to acquire a 100% undivided interest in the Lacy Property (the “LP Property”) located in the Alberni Mining Division of British Columbia. The LP Property is comprised of three mineral claims.

In accordance with the LP Agreement, the Company has the option to acquire 100% undivided interest in the LP Property by paying \$10,000 (paid) upon execution of the Agreement and issue 300,000 common shares of the Company (issued with fair value of \$30,000) no later than 15 days after the Company’s common shares are listed on a securities exchange in Canada.

The LP Optionors will retain a 2% net smelter returns royalty (the “NSR”) on the LP Property. The Company has the right to purchase each of the percentage of NSR for \$1,000,000 during the five-year period commencing from the date the LP Property is put into commercial production.

Silver Strand Project

Asset Purchase Agreement with Silver Strand Development LLC.

On June 16, 2021, the Company completed the acquisition (the “SS Acquisition”) of all the issued and outstanding securities of Silver Strand Exploration Corp. (formerly Silver Hammer Mining Corp.) (“Silver Strand”). As a result of the SS Acquisition, the Company through 123456 US Inc., the wholly owned subsidiary of Silver Strand, entered into an asset purchase agreement with a third party, Silver Strand Development LLC. (“SSD”), (the “SSD Agreement”) to acquire a 100% interest in certain mineral claims (the “SSD Claims”) located in the State of Idaho, USA.

To acquire 100% interest of the SSD Claims, the Company will have to:

- Pay US\$10,000 to SSD for the transfer of the title to 123456 US Inc. of the SSD Claims (the “Transfer of Title”) (paid);
- Pay US\$25,000 to SSD within 5 business days of the SS Acquisition (paid – \$31,171);
- Issue 200,000 common shares of the Company to SSD at the date of the Acquisition (issued with fair value of \$50,000);
- Pay US\$25,000 to SSD on the first anniversary following the completion of the SS Acquisition; and
- Issue 200,000 common shares of the Company to SSD on the first anniversary following the completion of the SS Acquisition.

Eliza Silver Project and Silvertown Silver Project

On September 2, 2021, the Company completed the acquisition (the “BCCO Acquisition”) of all the issued and outstanding securities of 1304562 B.C. Ltd. (“BCCO”). As a result of the BCCO Acquisition, the Company owns a 100% interest in the Eliza Silver Project and the Silvertown Silver Mine.

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

4. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Escrow shares

On March 4, 2021, the Company entered into an escrow agreement pursuant to National Policy 46-201 *Escrow for Initial Public Offerings*, whereby common shares will be held in escrow and are scheduled for release as follows:

- On the Listing Date: 250,000 common shares (released)
- On November 3, 2021: 375,000 common shares (released)
- On May 3, 2022: 375,000 common shares
- On November 3, 2022: 375,000 common shares
- On May 3, 2023: 375,000 common shares
- On November 3, 2023: 375,000 common shares
- On May 3, 2024: 375,000 common shares

As of December 31, 2021, there were 1,875,000 common shares held in escrow (September 30, 2021 – 2,250,000).

Issued share capital

As of December 31, 2021, the Company had 38,151,520 (September 30, 2021 – 37,405,960) common shares issued and outstanding.

During the three months ended December 31, 2021

- 645,560 warrants were exercised for proceeds of 274,780. In addition, the Company reclassified the grant date fair value of the exercised warrants of \$10,386 from warrants reserve to share capital.
- 100,000 stock options were exercised for proceeds of \$62,000. In addition, the Company reclassified the grant date fair value of the exercised options of \$30,230 from stock options reserve to share capital.

During the three months ended December 31, 2020, no share capital transactions occurred.

Warrants

The changes in warrants during the three months ended December 31, 2021 are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	7,874,480	0.49
Exercised	(645,560)	0.43
Balance, end of period	7,228,920	0.49

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Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (CONTINUED)**Warrants (continued)**

The following summarizes information about warrants outstanding at December 31, 2021:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
March 11, 2023	0.10	120,000	5,619	1.19
June 16, 2023	0.50	7,108,920	168,120	1.46
		7,228,920	173,739	1.45

Options

The Company has a share option plan (the "Plan") that allows it to grant options to its employees, officers, directors and consultants. A fixed maximum of 10% of the common shares issued may be granted. The exercise price of each option shall not be less than the closing market price for the common shares on the trading day prior to the date of the grant. Options may have a maximum term of ten years. Vesting conditions of options is at the discretion of the Board of Directors at the time the options are granted.

The changes in options during the three months ended December 31, 2021 are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	2,700,000	0.62
Exercised	(100,000)	0.62
Balance, end of period	2,600,000	0.62

The following summarizes information about stock options outstanding and exercisable at December 31, 2021:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
June 16, 2026	0.62	2,000,000	750,000	730,468	4.46
June 24, 2026	0.62	500,000	500,000	151,151	4.48
August 9, 2026	0.65	100,000	100,000	40,196	4.61
		2,600,000	1,350,000	921,815	4.47
Weighted average exercise price (\$)		0.62	0.63		

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Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
For the Three Months Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS

Related party transactions

The Company considered the executive officers and directors as the key management of the Company.

Total compensation of key company personnel for the three months ended December 31, 2021 and 2020 is as follows:

	For the three months ended	
	December 31, 2021	December 31, 2020
	\$	\$
Professional fees	31,720	4,000
Consulting fees	37,500	-
	69,220	4,000

During the three months ended December 31, 2021, the Company paid consulting fees of \$37,500 (December 31, 2020 – \$nil) to All Mine Consulting, a corporation controlled by the President.

During the three months ended December 31, 2021, the Company paid professional fees of \$31,720 (December 31, 2020 – \$nil) to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting support.

Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$12,373 as at December 31, 2021 (September 30, 2021 – \$15,407). These amounts are unsecured, non-interest bearing and payable on demand.

6. CONTINGENCIES

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. Other than disclosed herein, the Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

7. SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	Canada	United States	Total
	\$	\$	\$
As at December 31, 2021			
Non-current assets			
Evaluation and exploration assets	451,628	6,011,746	6,463,374
	451,628	6,011,746	6,463,374
As at September 30, 2021			
Non-current assets			
Evaluation and exploration assets	451,628	5,526,738	5,978,366
	451,628	5,526,738	5,978,366

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	December 31, 2021	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
Financial assets:				
ASSETS				
Cash	931,041	931,041	-	-
Deposits	49,661	-	49,661	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	116,574	-	116,574	-

	September 30, 2021	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
Financial assets:				
ASSETS				
Cash	1,606,841	1,606,841	-	-
Deposits	49,661	-	49,661	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	274,852	-	274,852	-

The carrying values of cash, deposits and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

As at December 31, 2021 and September 30, 2021, the financial instrument recorded at fair value on the statements of financial position is cash which is measured using Level 1 of the fair value hierarchy. As at December 31, 2021 and September 30, 2021, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
For the Three Months Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value (continued)

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash based in Canada are accessible.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at December 31, 2021, the Company had cash of \$931,041 (September 30, 2021 – \$1,606,841) and accounts payable and accrued liabilities of \$116,574 (September 30, 2021 – \$274,852). All accounts payable and accrued liabilities are current.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash is easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. The Company is not exposed to significant interest rate risk relating to its cash.

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Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Foreign currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in CA\$. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, deposits, and accounts payable and accrued liabilities are held in CA\$ and US\$; therefore, US\$ accounts are subject to fluctuation against the CA\$.

The Company's financial instruments were denominated as follows as at December 31, 2021:

	CA\$	US\$
Cash	923,651	5,820
Deposits	49,661	-
Accounts payable and accrued liabilities	(83,686)	(25,902)
	889,626	(20,082)
Rate to convert to \$1.00 CAD	1.00000	1.26973
Equivalent to CAD	889,626	(25,499)

Based on the above net exposures as at September 30, 2021, and assuming that all other variables remain constant, a 10% change of the CAD against the US would change profit or loss by approximately \$2,500.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.

10. SUBSEQUENT EVENT

- 20,000 warrants were exercised for proceeds of \$10,000.