

**Highlander Silver Corp. (formerly Lido Minerals
Ltd.)**

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended June 30, 2021 and 2020

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying condensed interim consolidated financial statements of Highlander Silver Corp. (formerly Lido Minerals Ltd.) as at June 30, 2021 and for the nine months then ended, have been prepared by the management of the Company and approved by the Company's Audit Committee.

Under National Instrument 51-102, Part 4, subsection 4.2(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by CPA Canada for a review of the condensed interim consolidated financial statements by an entity's auditor.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Prepared by management)

	As at June 30, 2021 \$	As at September 30, 2020 \$ (audited)
Assets		
Current Assets		
Cash	1,927,500	2,288,253
Prepaid expenses (Note 8)	13,479	5,316
Accounts receivable	36,984	11,508
	1,977,963	2,305,077
Non-Current Asset		
Exploration and evaluation assets (Notes 5 and 6)	230,000	230,000
Total Assets	2,207,963	2,535,077
Liabilities		
Current liabilities		
Accounts payable (Note 8)	13,150	10,920
Accrued liabilities	3,075	1,500
Income taxes payable	-	53,978
Total Current and Total Liabilities	16,225	66,398
Shareholders' Equity		
Share capital (Note 7)	1,532,600	1,532,600
Obligations to issue shares (Note 7)	46,319	-
Share-based payments reserve (Note 7)	312,556	299,811
Retained earnings	300,263	636,268
Total Shareholders' Equity	2,191,738	2,468,679
Total Liabilities and Shareholders' Equity	2,207,963	2,535,077

Nature and Continuance of Operations (Note 1)

Subsequent events (Note 11)

Approved on behalf of the Board on August 26, 2021:

"Patrick O'Flaherty"

Patrick O'Flaherty, Director

"Wayne Soo"

Wayne Soo, Director

The accompanying notes are integral to these condensed interim consolidated financial statements.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited - Prepared by management)

	Three months ended		Nine months ended	
	June 30, 2021 \$	June 30, 2020 \$	June 30, 2021 \$	June 30, 2020 \$
Expenses				
Administration	602	11,372	1,835	9,544
Audit fees	-	3,000	-	20,671
Corporate development expense	3,774	-	3,774	-
Consulting fees (Notes 7 and 8)	85,756	45,775	254,426	158,359
Investor relations	-	-	1,480	-
Listing expense	3,000	-	5,250	-
Professional fees	11,129	-	40,721	25,359
Regulatory, filing and transfer agent fees	8,324	11,448	12,181	14,892
Share-based payments (Note 7)	2,051	-	12,745	-
	(114,636)	(71,595)	(332,412)	(228,825)
Other Items				
Gain on investment (Note 4)	-	1,365,594	-	1,830,594
Interest income	1,200	-	3,110	-
Net income (loss) from operations before income tax	(113,436)	1,293,999	(329,302)	1,601,769
Income taxes	-	-	(6,703)	-
Net and comprehensive income (loss)	(113,436)	1,293,999	(336,005)	1,601,769
Basic and diluted income (loss) per share	(0.01)	0.10	(0.03)	0.13
Weighted average number of common shares outstanding	13,285,054	13,035,054	13,242,014	11,991,258

The accompanying notes are integral to these condensed interim consolidated financial statements.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended June 30, 2021 and 2020
(Unaudited - Prepared by management)

	Number	Amount \$	Obligations to issue shares \$	Share- based payments reserve \$	Retained earnings (deficit) \$	Total shareholders' equity \$
Balance, September 30, 2019	11,035,054	1,332,600	-	-	(467,760)	864,840
Shares issued to acquire property (Notes 5 and 7)	2,000,000	200,000	-	-	-	200,000
Net and comprehensive income for the period	-	-	-	-	1,601,769	1,601,769
Balance, June 30, 2020	13,035,054	1,532,600	-	-	1,134,009	2,666,609
Balance, September 30, 2020	13,035,054	1,532,600	-	299,811	636,268	2,468,679
Shares issued for consulting agreement (Note 7)	250,000	-	46,319	-	-	46,319
Share-based payments (Note 7)	-	-	-	12,745	-	12,745
Net and comprehensive loss for the period	-	-	-	-	(336,005)	(336,005)
Balance, June 30, 2021	13,285,054	1,532,600	46,319	312,556	300,263	2,191,738

The accompanying notes are integral to these condensed interim consolidated financial statements.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended June 30, 2021 and 2020
(Unaudited - Prepared by management)

	Nine months ended June 30, 2021 \$	Nine months ended June 30, 2020 \$
Net and comprehensive income (loss)	(336,005)	1,601,769
Operating Activities:		
Unrealized gain on investment	-	(1,830,594)
Share-based payments	12,745	-
Shares for consulting fees	46,319	-
Non-cash working capital items:		
Prepaid expenses	(8,163)	-
Accounts receivable	(25,476)	(2,057)
Income taxes payable	(53,978)	-
Accounts payable	2,230	358
Accrued liabilities	1,575	720
Cash flows used in operating activities	(360,753)	(229,804)
Investing activities		
Exploration and evaluation assets	-	(30,000)
Proceeds from sale of investments, net of purchases	-	1,955,594
	-	1,925,594
Change in cash	(360,735)	1,695,790
Cash, beginning of period	2,288,253	743,813
Cash, ending of period	1,927,500	2,439,603
Supplemental Cash Flow Information		
Shares issued to acquire property	-	200,000

The accompanying notes are integral to these condensed interim consolidated financial statements.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited- Prepared by Management)

For the nine months ended June 30, 2021 and 2020

1. Nature and Continuance of Operations

Highlander Silver Corp. was incorporated as 1093684 B.C. Ltd. (the "Company" or "Highlander") on October 19, 2016 under the laws of British Columbia, Canada. On February 11, 2020 the Company changed its name to Lido Minerals Ltd and on August 12, 2021, the Company changed its name to Highlander Silver Corp. The Company's head office and registered office is located at 372 - 1917 West 4th Avenue, Vancouver, BC V6J 1M7. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the stock symbol "HSL", Frankfurt Stock Exchange and the Company is a reporting issuer in the Provinces of British Columbia, Ontario, and Alberta. The Company formerly operated in the cannabis sector. In January of 2020, the Company changed its business focus to exploration and evaluation of mineral properties.

The condensed interim consolidated financial statements (the "financial statements") have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully develop its business.

The development of the Company's business may take many years to be successful and the amount of resulting income, if any, is difficult to determine with any certainty. For the period ended June 30, 2021, the Company recorded loss and comprehensive loss of \$336,005 (June 30, 2020 - comprehensive Income of \$1,601,769) and expects to incur losses in the development of its business, all of which casts material uncertainty about the Company's ability to continue as a going concern. Management believes its working capital will be sufficient to support operations for the next twelve months.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. The Company's continuation as a going concern is dependent upon raising the necessary funds through the selling of investments and issuance of equity or debt sufficient to meet current and future obligations. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. These measures could adversely affect and harm the Company by limiting access to our exploration and evaluation assets, which could prevent the Company from meeting its exploration expenditure obligations. The measures and disruption to business globally could potentially impact the ability to procure new exploration and evaluation mineral properties. It is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited- Prepared by Management)

For the nine months ended June 30, 2021 and 2020

2. Statement of compliance and basis of presentation

These financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended September 30, 2020.

The financial statements have been prepared using accounting policies consistent with those used in the Company’s 2020 audited consolidated financial statements.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments in accordance with certain measurement standards under IFRS. In addition, these financial statements have been prepared using IFRS principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Basis of consolidation

These financial statements include the accounts of the Company and its subsidiary. The financial statements of the subsidiary are included in the financial statements from the date that control commences until the date that control ceases. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

The principal subsidiary of the Company as of June 30, 2021 is as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest	
			June 30, 2021	September 30, 2020
Pacific West Exploration Services Inc.	Mineral exploration	Canada	100%	100%
1303554 B.C. Ltd.	Inactive	Canada	100%	-

Highlander Silver Corp. (formerly Lido Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited- Prepared by Management)

For the nine months ended June 30, 2021 and 2020

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about critical judgments in applying accounting policies and sources of estimation uncertainty that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are the same as those that applied to the Company's 2020 annual financial statements.

The Company continues to review changes to IFRS standards, there are no other pending IFRSs or IFRIC interpretations that are expected to be relevant to the Company's financial statements.

4. Investment

On August 8, 2019, the Company subscribed to 1,000,000 units of Champignon Brands Inc. ("Champignon"), a publicly traded company (CSE: SHRM), for cash consideration of \$100,000. Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant was exercisable into one common share at \$0.15 per share for a period of three years.

During the period ended June 30, 2020, the Company exercised 500,000 share purchase warrants to purchase 500,000 common shares of Champignon for \$75,000. During the period ended June 30, 2020, the Company sold all shares of Champignon for total proceeds of \$2,030,594 in the open market and realized gains of \$1,830,594.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited- Prepared by Management)

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5. Acquisition of Pacific West Exploration Services Inc. (“Pacific West”)

On February 20, 2020, the Company entered into an agreement, pursuant to which the Company acquired all the outstanding common shares of Pacific West (the “Acquisition”). Pacific West is a privately held mineral exploration company that holds an option to earn up to a 100% interest in the Nimpkish Property (Note 6). In consideration for the outstanding common shares of Pacific West, the Company issued 2,000,000 common shares with a fair value of \$200,000 (Note 7).

Pacific West does not meet the definition of a business under IFRS 3; therefore, the Acquisition was treated as an acquisition of assets.

The fair value of the assets acquired, and liabilities assumed as at the date of acquisition were as follows:

Net assets acquired	
Exploration and evaluation assets	\$ 200,000
Consideration	
Fair value of 2,000,000 common shares issued (Note 7)	\$ 200,000

6. Exploration and Evaluation Assets

	Period Ended June 30, 2021 \$	Year Ended September 30, 2020 \$
Balance, opening	230,000	-
Acquisition costs	-	230,000
Balance, ending	230,000	230,000

Nimpkish Property

On February 20, 2020, the Company completed its acquisition of Pacific West. Pacific West, as optionee, is party to an option agreement dated as of May 2, 2019 (the “Option Agreement”) with respect to the Nimpkish Property (the “Property”), under which Pacific West has the exclusive and irrevocable right to acquire a 100% interest in the Property from the registered owners of the Property (collectively, the “Optionor”).

To exercise the option under the Option Agreement, Pacific West is required to:

Cash Payments: On or before May 1, 2020, Pacific West shall pay to the Optionor a cash payment in the aggregate amount of \$30,000 (paid).

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(Unaudited- Prepared by Management)

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6. Exploration and Evaluation Assets (Continued)

Nimpkish Property (continued)

Exploration Expenditures: Pacific West shall make an aggregate of \$425,000 in exploration expenditures on the Property on or before the following dates:

<u>Date</u>	<u>Amount of Exploration Expenditures</u>
	\$
December 31, 2020 (Met before acquisition)	75,000
December 31, 2021	100,000
December 31, 2022	100,000
December 31, 2023	150,000
	<hr/> 425,000

In addition, under the Option Agreement Pacific West shall grant to the Optionor a 2.0% Net Smelter Returns royalty (“NSR”) on the Property. Pacific West shall have the right at any time to repurchase one-half of the NSR from the Optionor by paying \$1,000,000 to the Optionor at any time before the commencement of commercial production on the Property. Beginning on December 31, 2023, and annually thereafter, Pacific West will make annual advanced minimum royalty (“AAMR”) payments of \$7,500 to the Optionor, and any such AAMR payments shall be deducted from future NSR payments.

Hercules Silver Property

On September 21, 2020, the company executed a non-binding letter of intent (“LOI”) and amended on November 18, 2020 to acquire 100% of the Hercules Silver Property (“Hercules Property”) by the way of an asset purchase from a private company 1218530 B.C. Ltd. (“1218530”) and from 1218530’s sole shareholder (the “Transaction”). Hercules is located in Washington County, Idaho, USA and is prospective for silver mineralization. The Property comprises 42 unpatented lode claims, one patented lode claim, and 11 lots of deeded lands covering approximately 1,490 acres (603 hectares), which are registered in the name of Anglo Bomarc U.S., Inc., a wholly-owned subsidiary of 1218530.

On March 29, 2021, the Company terminated the LOI for the Hercules Silver Property.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

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7. Share Capital

Common Shares

The authorized share capital of the Company consists of unlimited common shares without par value. All issued common shares are fully paid.

For the period ended June 30, 2021:

On November 16, 2020, the Company granted 250,000 common shares pursuant to a consulting agreement with the CEO. These shares have a fair value, calculated using the market price at grant date of \$0.215 totaling \$53,750. The shares will vest quarterly over a period of 12 months from issuance. The total share-based payments recorded as consulting fees for the nine months ended June 30, 2021 was \$46,319 (2020 - \$Nil).

For the period ended June 30, 2020:

On February 20, 2020, the Company issued 2,000,000 common shares with a fair value of \$200,000 in relation to the purchase of Pacific West (Note 5).

Stock Options

On November 16, 2020, the Company granted 50,000 stock options to the CEO with an exercise price of \$0.215 per share. The options will vest quarterly over a period of 12 months and are valid for a period of five years from grant. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of \$9,848 assuming an expected life of 4.38 years, a risk-free interest rate of 0.46%, an expected dividend rate of 0.00%, and an expected annual volatility of 165%. As at June 30, 2021, \$8,503 in share-based payments have been recorded relating to this grant.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited- Prepared by Management)

For the nine months ended June 30, 2021 and 2020

7. Share Capital (Continued)

Stock Options (Continued)

On March 1, 2021, the Company granted 25,000 stock options to a director with an exercise price of \$0.18 per share. The options vested immediately on the date of the grant and have a fair value, calculated using the Black-Scholes Option Pricing Model of \$4,242 assuming an expected life of 5 years, a risk-free interest rate of 0.63%, an expected dividend rate of 0.00%, and an expected annual volatility of 169%.

The total share-based payments expensed for the nine months ended June 30, 2021 was \$12,745 (2020 - \$Nil).

The following summarizes the stock options activity during the period ended June 30, 2021 and the year ended September 30, 2020:

	June 30, 2021		September 30, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period/year	1,210,000	\$ 0.27	-	\$ -
Granted	75,000	0.20	1,210,000	0.27
Expired	-	-	-	-
Balance, end of period / year	1,285,000	0.27	1,210,000	0.27

Expiry Date	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested	Exercise Price	Weighted Average Contractual Life
				\$	
August 10, 2025	1,210,000	1,210,000	-	0.27	4.12
November 16, 2025	50,000	25,000	25,000	0.215	4.38
March 1, 2026	25,000	25,000	-	0.18	4.67
	1,285,000	1,260,000	25,000		4.14

Highlander Silver Corp. (formerly Lido Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited- Prepared by Management)

For the nine months ended June 30, 2021 and 2020

8. Related Party Transactions

Key management includes Directors and Officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by Directors and Officers. The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

<i>Period ended</i>	June 30, 2021	June 30, 2020
	\$	\$
Consulting fees paid to the former Chief Financial Officer (“CFO”)	-	10,000
Consulting services paid to a corporation controlled by the Chief Executive Officer (“CEO”)	34,650	-
Consulting fees paid to a corporation controlled by the CFO and Corporate Secretary	13,500	7,500
Consulting fees paid to a corporation controlled by a Director of the Company	41,000	52,000
Consulting fees paid to a corporation controlled by a Director of the Company	4,500	3,000
Consulting fees paid to a Director of the Company	2,000	-
Consulting fees paid in shares to the CEO	46,319	-
Share-based payments to the CEO	8,503	-
Share-based payments to a Director of the company	4,242	-
	154,714	72,500

At June 30, 2021, the Company owed \$3,075 (September 30, 2020: \$1,500) to related parties, which is included in accounts payable. These amounts are unsecured, bear no interest and are due on demand. The Company also prepaid \$4,200 (September 30, 2020: \$Nil) to related parties, which is included in prepaids.

9. Financial and Capital Risk Management

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited- Prepared by Management)

For the nine months ended June 30, 2021 and 2020

9. Financial and Capital Risk Management (continued)

The three levels of the fair value hierarchy are:

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

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

The Company enters into financial instruments to finance its operations in the normal course of business. The fair value of accounts payable approximates their carrying values due to the short-term maturity of these instruments.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at June 30, 2021 as follows:

	Level 1	Level 2	Level 3
Financial Assets	\$	\$	\$
Cash	1,927,500	-	-

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2020 as follows:

	Level 1	Level 2	Level 3
Financial Assets	\$	\$	\$
Cash	2,288,253	-	-

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at June 30, 2021, the Company has minimal risks related to foreign exchange.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The Company's cash is held by large Canadian financial institutions. The Company's credit risk with respect to cash is minimal.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial assets or liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk. The Company's exposure to interest rate risk is low.

Highlander Silver Corp. (formerly Lido Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited- Prepared by Management)

For the nine months ended June 30, 2021 and 2020

9. Financial and Capital Risk Management (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. At June 30, 2021, the Company has sufficient funds to meet its short-term commitments.

10. Capital Disclosures

The Company defines its working capital as capital. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned business and pay for administrative costs, the Company will need to raise additional funds. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period.

11. Subsequent Events

On August 12, 2021, the Company completed the business combination (the "Transaction") with CAPPEX Mineral Ventures Inc. ("CAPPEX"), whereby the Company acquired all of the issued and outstanding shares of CAPPEX. The Transaction was completed by way of a three-cornered amalgamation. As consideration for the acquisition of CAPPEX, the Company issued 37,160,813 common shares with a fair value of \$8,953,853 to former shareholders of CAPPEX in exchange for the shares held by them, on a one-for-one basis on August 12, 2021. In addition, 9,270,004 share purchase warrants of CAPPEX will now be exercisable to acquire common shares of the Company.

On August 12, 2021, the Company also issued 10,000,000 common shares with a fair value of \$2,409,488 and 10,000,000 warrants pursuant to the conversion of subscription receipts. Each warrant is exercisable to acquire one common share of the Company at an exercise price of \$0.25 until August 12, 2023. The subscription receipts were issued at \$0.15 per subscription receipt for gross proceeds of \$1,500,000, which was placed in escrow. The shares and warrants issued on conversion of the subscription receipts are subject to a hold period expiring on September 19, 2021.