



GIGAMETALS

CORPORATION

Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2022

Unaudited - Expressed in Canadian Dollars

NOTICE TO READER

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

"Mark Jarvis"

Chief Executive Officer

Giga Metals Corporation
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2022 and December 31, 2021
(Expressed in Canadian Dollars)

	Notes	September 30, 2022 \$	December 31, 2021 \$
		(Unaudited)	(Audited)
ASSETS			
Current assets			
Cash and cash equivalents		8,296,314	1,493,365
Receivables	3	318,093	279,526
Prepaid expenses and deposits		187,110	160,335
		8,801,517	1,933,226
Non-current assets			
Reclamation deposits		424,000	424,000
Equipment and right of use assets	4	107,104	182,657
Exploration and evaluation assets	5	16,156,780	12,445,756
		16,687,884	13,052,413
TOTAL ASSETS		25,489,401	14,985,639
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	544,259	341,225
Lease obligation – short-term	7	54,219	101,707
		598,478	442,932
Non-current liabilities			
Lease obligation – long-term	7	-	27,505
Loan	8	40,000	40,000
Asset retirement obligations		425,000	425,000
		465,000	492,505
TOTAL LIABILITIES		1,063,478	935,437
EQUITY			
Share capital	9	68,642,773	65,238,663
Share-based payment reserve	10	10,604,618	9,567,417
Accumulated other comprehensive income (loss) ("AOCI(L)")		8,995	(3,237)
Accumulated deficit		(56,994,717)	(60,752,641)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS		22,261,669	14,050,202
NON-CONTROLLING INTEREST		2,164,254	-
TOTAL EQUITY		24,425,923	14,050,202
TOTAL LIABILITIES AND EQUITY		25,489,401	14,985,639

Nature and continuance of operations (Note 1)
Commitments (Notes 7, 8 and 9)
Subsequent events (Notes 9 and 15)

APPROVED BY:

DIRECTOR "MARK JARVIS" **DIRECTOR** "LYLE DAVIS"

See accompanying notes to the condensed interim consolidated financial statements

Giga Metals Corporation
Condensed Interim Consolidated Statements of Comprehensive Loss
For the three and nine months ended September 30, 2022 and 2021
Unaudited - Expressed in Canadian Dollars

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2022 \$	2021 \$	2022 \$	2021 \$
Operating expenses					
Amortization	4	25,692	24,157	76,937	72,408
Consulting fees		57,551	107,665	221,680	311,757
Corporate communications and investor relations		73,143	121,028	227,670	353,120
Legal, accounting and audit	11	115,321	45,997	320,346	196,483
Management and directors' fees	11	66,876	64,748	199,672	196,265
Office and general		55,038	74,820	246,417	213,491
Travel and accommodation		2,675	2,366	21,994	2,366
Stock-based compensation	9,11	244,144	283,214	807,970	840,406
		640,440	723,995	2,122,686	2,186,296
Other items					
Interest income		(10,367)	(5,396)	(19,382)	(14,353)
Finance charge on lease		2,129	4,987	8,564	16,779
Income from sublease of office	7	(11,387)	(11,272)	(34,046)	(33,702)
Flow-through premium income	9	-	(288,071)	-	(335,260)
		(19,625)	(299,752)	(44,864)	(366,536)
Loss for the period		(620,815)	(424,243)	(2,077,822)	(1,819,760)
Other comprehensive income					
Exchange gain (loss) on translation of foreign accounts		4,783	(3,738)	12,232	(1,068)
Comprehensive loss for the period		(616,032)	(427,981)	(2,065,590)	(1,820,828)
Loss for the period attributable to:					
Owners of the parent company		(621,659)	(424,243)	(2,078,666)	(1,819,760)
Non-controlling interest		844	-	844	-
		(620,815)	(424,243)	(2,077,822)	(1,819,760)
Comprehensive loss for the period attributable to:					
Owners of the parent company		(616,876)	(427,981)	(2,066,434)	(1,820,828)
Non-controlling interest		844	-	844	-
		(616,032)	(427,981)	(2,065,590)	(1,820,828)
Loss per share attributable to the owners of the parent company – basic and diluted					
	9	(0.01)	(0.00)	(0.02)	(0.02)
Weighted average number of shares outstanding – basic and diluted					
	9	97,878,041	85,528,428	96,176,283	79,216,710

See accompanying notes to the condensed interim consolidated financial statements

Giga Metals Corporation
Condensed Interim Consolidated Statement of Changes in Equity
For the nine months ended September 30, 2022 and 2021
Unaudited - Expressed in Canadian Dollars

	Notes	Share capital		Share-based payment reserve \$	AOCI(L) \$	Accumulated deficit \$	Total equity \$	Non- controlling interest \$	Total \$
		Number of shares #	Amount \$						
Balance at December 31, 2020		70,344,850	60,173,313	7,417,335	(933)	(58,014,482)	9,575,233	-	9,575,233
Public offering of flow-through units	9	5,686,123	2,729,339	170,584	-	-	2,899,923	-	2,899,923
Transfer to flow-through premium liability	9	-	(341,167)	-	-	-	(341,167)	-	(341,167)
Public offering of units	9	8,997,455	3,778,931	269,924	-	-	4,048,855	-	4,048,855
Share issuance costs									
Cash finders' fees	9	-	(451,671)	-	-	-	(451,671)	-	(451,671)
Brokers' warrants	9	-	(467,200)	467,200	-	-	-	-	-
Other fees	9	-	(323,641)	-	-	-	(323,641)	-	(323,641)
Exercise of options		500,000	50,000	-	-	-	50,000	-	50,000
Transfer on the exercise of options		-	18,319	(18,319)	-	-	-	-	-
Stock-based compensation		-	-	840,406	-	-	840,406	-	840,406
Comprehensive loss for the period		-	-	-	(1,068)	(1,819,760)	(1,820,828)	-	(1,820,828)
Balance at September 30, 2021		85,528,428	65,166,223	9,147,130	(2,001)	(59,834,242)	14,477,110	-	14,477,110
Exercise of options		125,000	43,750	-	-	-	43,750	-	43,750
Transfer on the exercise of options		-	28,690	(28,690)	-	-	-	-	-
Stock-based compensation		-	-	448,977	-	-	448,977	-	448,977
Comprehensive loss for the period		-	-	-	(1,236)	(918,399)	(919,635)	-	(919,635)
Balance at December 31, 2021		85,653,428	65,238,663	9,567,417	(3,237)	(60,752,641)	14,050,202	-	14,050,202
Public offering of units	9	12,075,700	3,984,981	120,757	-	-	4,105,738	-	4,105,738
Share issuance costs									
Cash finders' fees	9	-	(246,344)	-	-	-	(246,344)	-	(246,344)
Brokers' warrants	9	-	(145,849)	145,849	-	-	-	-	-
Other fees	9	-	(284,803)	-	-	-	(284,803)	-	(284,803)
Exercise of options	9	175,000	58,750	-	-	-	58,750	-	58,750
Transfer on the exercise of options		-	37,375	(37,375)	-	-	-	-	-
Stock-based compensation		-	-	807,970	-	-	807,970	-	807,970
Sale of 15% interest in subsidiary	5	-	-	-	-	5,836,590	5,836,590	2,163,410	8,000,000
Comprehensive loss for the period		-	-	-	12,232	(2,078,666)	(2,066,434)	844	(2,065,590)
Balance at September 30, 2022		97,904,128	68,642,773	10,604,618	8,995	(56,994,717)	22,261,669	2,164,254	24,425,923

See accompanying notes to the condensed interim consolidated financial statements

Giga Metals Corporation
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2022 and 2021
Unaudited - Expressed in Canadian Dollars

	2022	2021
	\$	\$
Operating activities		
Loss for the period	(2,077,822)	(1,819,760)
Adjustments for:		
Amortization	76,937	72,408
Stock-based compensation	807,970	840,406
Flow-through premium income	-	(335,260)
Changes in non-cash working capital items:		
Receivables	(38,567)	(206,780)
Prepaid expenses and deposits	(26,775)	(61,613)
Trade payables and accrued liabilities	75,073	(20,452)
Net cash flows used in operating activities	(1,183,184)	(1,531,051)
Investing activities		
Expenditures on exploration and evaluation assets	(3,570,831)	(4,432,735)
Purchase of equipment	(1,384)	(35,111)
Increase in reclamation deposits	-	(192,000)
Proceeds from sale of interest in subsidiary	8,000,000	-
Net cash flows provided by (used in) investing activities	4,427,785	(4,659,846)
Financing activities		
Proceeds from issuance of common shares	4,164,488	6,998,778
Share issuance costs	(531,147)	(775,312)
Principal repayment of lease obligation	(74,993)	(64,992)
Net cash flows provided by financing activities	3,558,348	6,158,474
Increase (decrease) in cash and cash equivalents	6,802,949	(32,423)
Cash and cash equivalents, beginning	1,493,365	3,762,980
Cash and cash equivalents, ending	8,296,314	3,730,557
Cash	8,296,314	1,201,807
Cash equivalents	-	2,528,750
Cash received for interest	19,165	4,972
Cash paid for interest	15,082	16,779
Cash paid for taxes	-	-

Supplemental cash flow information (Note 13)

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2022 and 2021

1. Nature and continuance of operations

Giga Metals Corporation (the "Company" or "Giga Metals") was incorporated on January 17, 1983, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "GIGA" and the OTCQX under the symbol "HNCKF". 13,667,755 warrants of the Company commenced trading on the TSXV under the symbol "GIGA.WT" effective May 27, 2021. The warrants were issued under a warrant indenture dated April 23, 2021 pursuant to the Company's short form prospectus dated April 19, 2021. 12,535,000 warrants of the Company commenced trading on the TSXV under the symbol "GIGA.WT.A" effective February 23, 2022.

The head office, principal address and records office of the Company are located at 700 West Pender Street, Suite 203, Vancouver, British Columbia, Canada, V6C 1G8. The Company's registered address is 2500 Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2022, the Company's accumulated deficit was \$56,994,717, the Company had not advanced its mineral properties to commercial production and the Company has no other source of revenue from its operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. As at September 30, 2022, the Company had working capital of \$8,203,039, giving the Company the ability to meet current obligations.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

2. Basis of preparation

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. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021 which have been prepared in accordance with IFRS as issued by the IASB.

In the preparation of these interim condensed consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2021, except as noted below.

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

References herein to "\$" are to the Canadian dollar and "US\$" are to the United States dollar.

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2022 and 2021

These condensed interim consolidated financial statements were approved by the Board of Directors on November 28, 2022.

Consolidation

The consolidated financial statements include the accounts of the Company and the entities controlled by the Company (its subsidiaries). The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Details of the subsidiaries are as follows:

	Incorporated in	Percentage owned	
		September 30, 2022	December 31, 2021
Canadian Metals Exploration Ltd.	Canada	100%	100%
Giga Metals Do Brasil Ltda	Brazil	100%	100%
Hard Creek Nickel Corp.	Canada	85%	0%

Hard Creek Nickel Corp. was incorporated on June 21, 2022.

Non-controlling interest in the net assets of subsidiaries that are not 100% owned by the Company are identified separately from the Company's equity. The non-controlling interests consist of that non-controlling interest's portion of net assets, net loss and other comprehensive loss.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity (accumulated deficit).

3. Receivables

	September 30, 2022	December 31, 2021
	\$	\$
Goods and Service sales tax	115,416	90,281
British Columbia mining exploration tax credits	184,940	184,940
Interest receivable and other receivables	17,737	4,305
	318,093	279,526

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2022 and 2021

4. Equipment and right of use assets

	Right of use assets - leases \$	Motor Vehicles \$	Computer equipment \$	Exploration and office equipment \$	Total \$
Cost:					
At December 31, 2020	347,048	45,652	78,294	63,991	534,985
Additions	-	26,874	11,210	-	38,084
At December 31, 2021	347,048	72,526	89,504	63,991	573,069
Additions	-	-	1,384	-	1,384
At September 30, 2022	347,048	72,526	90,888	63,991	574,453
Depreciation:					
At December 31, 2020	151,837	34,951	45,671	59,277	291,736
Charge for the year	86,764	5,532	5,379	1,001	98,676
At December 31, 2021	238,601	40,483	51,050	60,278	390,412
Charge for the period	65,073	7,097	4,210	557	76,937
At September 30, 2022	303,674	47,580	55,260	60,835	467,349
Net book value:					
At December 31, 2021	108,447	32,043	38,454	3,713	182,657
At September 30, 2022	43,374	24,946	35,628	3,156	107,104

Giga Metals Corporation
Notes to the Condensed Interim Consolidated Financial Statements
Unaudited - Expressed in Canadian Dollars
For the nine months ended September 30, 2022 and 2021

5. Exploration and evaluation assets

The Company's deferred exploration costs are as follows:

	Balance, December 31, 2020 \$	Change in year 2021 \$	Balance, December 31, 2021 \$	Change in period 2022 \$	Balance, September 30, 2022 \$
Turnagain Nickel Cobalt Project					
Mineral property interests	179,500	-	179,500	-	179,500
Assays and testing	2,359,872	112,465	2,472,337	179,270	2,651,607
Claims renewal / staking	479,199	2,734	481,933	4,127	486,060
Drilling	14,361,757	2,017,730	16,379,487	1,083,739	17,463,226
Environmental studies	1,902,718	228,667	2,131,385	167,898	2,299,283
Exploration data management	977,516	21,341	998,857	11,595	1,010,452
First Nations	275,944	62,018	337,962	45,339	383,301
Geochemistry	111,066	-	111,066	-	111,066
Geological and engineering services	11,259,375	1,362,200	12,621,575	894,349	13,515,924
Geophysical services	854,079	93,819	947,898	24,500	972,398
Metallurgy	4,908,794	73,294	4,982,088	128,805	5,110,893
Petrographic work	43,957	-	43,957	-	43,957
Project management	106,015	-	106,015	-	106,015
Survey, mapping and camp	2,892,783	1,935,482	4,828,265	621,414	5,449,679
Transportation	3,000,445	615,557	3,616,002	165,287	3,781,289
Advances	-	100,000	100,000	269,222	369,222
Cost recovery	(56,480)	-	(56,480)	-	(56,480)
Asset retirement obligations	275,000	150,000	425,000	-	425,000
Property impairments	(33,058,924)	-	(33,058,924)	-	(33,058,924)
BC refundable mining exploration tax credits	(3,228,472)	(180,089)	(3,408,561)	-	(3,408,561)
Federal non-refundable mining exploration tax credits, net of valuation allowance	(61,185)	-	(61,185)	-	(61,185)
Book value at date of sale of net smelter royalty	(1,777,377)	-	(1,777,377)	-	(1,777,377)
	5,805,582	6,595,218	12,400,800	3,595,545	15,996,345
Brazil Project					
Assays and testing	-	3,816	3,816	9,409	13,225
Claims renewal / staking	3,258	33,958	37,216	35,149	72,365
Drilling	-	-	-	40,087	40,087
Geological and engineering services	-	4,157	4,157	24,613	28,770
Transportation	-	-	-	1,004	1,004
Foreign exchange translation adjustment	-	(233)	(233)	5,217	4,984
	3,258	41,698	44,956	115,479	160,435
	5,808,840	6,636,916	12,445,756	3,711,024	16,156,780

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2022 and 2021

Turnagain Cobalt Nickel Project

The Company has an 85% interest in certain mineral claims, located along the Turnagain River in British Columbia, Canada. One claim is subject to a 4% net smelter return royalty ("NSR"). The Company has the option to purchase all or part of the NSR within four years of commercial production for a price of \$1,000,000 per 1% NSR.

In July 2018, the Company sold a 2% NSR on all future metal production from the Turnagain Nickel-Cobalt Project. The Company has the right to repurchase 0.5% of the 2% NSR ("Repurchase Option") for US\$20 million, which if exercised would result in a 1.5% remaining NSR. The one-time Repurchase Option is only exercisable prior to the fifth anniversary of the NSR Agreement. The purchaser of the NSR has a right of first refusal on any future sale by Giga Metals of a royalty or product stream or similar instrument.

Joint Venture with Mitsubishi Corporation

On August 15, 2022, the Company announced that it had entered into a binding agreement with Mitsubishi Corporation ("MC") to form a new company, Hard Creek Nickel Corp. ("Hard Creek"), to jointly pursue the development of the Turnagain Nickel-Cobalt Project. The transaction closed on September 1, 2022.

MC acquired a 15% equity interest in Hard Creek in exchange for cash consideration of \$8,000,000, which has been invested into Hard Creek. The Company received an 85% equity interest in Hard Creek in exchange for contributing all related assets for the Turnagain Nickel-Cobalt Project. Pursuant to the terms of a shareholders' agreement governing Hard Creek, the Company, with support from MC, will operate the joint venture.

The \$8,000,000 cash consideration will be used to complete a Pre-Feasibility Study ("PFS"). Once the Company completes a PFS, further expenditures in the joint venture will be split in accordance with the equity interests of the parties.

Proceeds of sale of 15% interest in Hard Creek	\$
Cash	8,000,000
<u>Total proceeds</u>	<u>8,000,000</u>
Net assets disposed of	
Reclamation deposits	63,600
Turnagain Nickel-Cobalt Project at date of sale	2,163,560
Asset retirement obligations	(63,750)
<u>Total net assets allocated to non-controlling interest</u>	<u>2,163,410</u>
<u>Gain recognized in equity (deficit)</u>	<u>5,836,590</u>

In accordance with IFRS, the gain on the sale of the 15% interest is recognized directly in equity (deficit).

Brazil Project

In December 2020, the Company staked 24 exploration permits in southern Piauí State, Northeast Region, Brazil.

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2022 and 2021

6. Trade payables and accrued liabilities

	September 30, 2022	December 31, 2021
	\$	\$
Trade payables	370,990	278,244
Accrued liabilities	173,269	62,981
	544,259	341,225

7. Lease obligations

The Company entered into an office lease in April 1, 2019 and the Company recognized a lease obligation with respect to the lease. The terms and the outstanding balances as at September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
	\$	\$
Right-of-use asset from office lease repayable in monthly instalments of \$9,364 and an interest rate of 12.5% per annum and an end date of March 31, 2023	54,219	129,212
Less: current portion	(54,219)	(101,707)
Non-current portion	-	27,505

The following is a schedule of the Company's future minimum lease payments related to the office lease obligation:

	September 30, 2022
	\$
2022	28,051
2023	28,051
Total minimum lease payments	56,102
Less: imputed interest	(1,883)
Total present value of minimum lease payments	54,219
Less: current portion	(54,219)
Non-current portion	-

The Company subleases part of their office space to other companies. One sublease with a related party (Note 11) is month to month lease at a rate of \$2,346 per month and one sublease is for a period of four years at \$1,374 per month. The total lease income from the subleasing of the office for the nine months ended September 30, 2022 was \$34,046 (2021 - \$33,702).

8. Loan

During the year ended December 31, 2020, the Company obtained an unsecured \$40,000 loan as part of the government's economic response plan to the COVID-19 pandemic. The loan is interest free and is eligible for 25% forgiveness if \$30,000 is repaid by December 31, 2023. If not repaid in full by the maturity date, the loan will be converted into a loan at a fixed interest rate of 5% per annum with a maturity date of December 31, 2025.

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2022 and 2021

9. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2022, there were 97,904,128 issued and fully paid common shares (December 31, 2021 – 85,653,428).

Financings

During the nine months ended September 30, 2022, the following equity financings were completed:

- I) On February 8, 2022, the Company completed a marketed public offering of 12,075,700 units (the “Units”) of the Company for gross proceeds of \$4,105,738. The Units were priced at \$0.34 and are comprised of one common share and one warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.45 until February 8, 2025.

The Company used the residual method to value the share purchase warrants within the Units with a value of \$120,757 allocated to the share purchase warrants.

In connection with the offering, the Company paid a cash commission equal to 6% of the gross proceeds (\$246,344) and 724,542 compensation warrants. Each compensation warrant shall entitle the holder thereof to purchase one Unit at the exercise price of \$0.34 until February 8, 2025. The Company incurred other cash issuance costs including legal and filing fees of \$284,803.

The fair value of \$145,849 for the brokers’ warrants was estimated using the Black-Scholes Option Pricing Model and was charged to share issue costs and credited to share-based payment reserve. The assumptions used in the Black-Scholes Option Pricing Model were as follows: share price of \$0.33; exercise price of \$0.44; expected volatility of 99%; expected life of 3 years; a risk-free interest rate of 0.95%; and an expected dividend rate of nil.

During the nine months ended September 30, 2021, the following equity financings were completed:

- I) On April 23, 2021, the Company completed a marketed public offering of 13,667,755 units (the “Units”) of the Company for gross proceeds of \$6,466,708.

The Units consist of 8,397,455 non-flow through units priced at \$0.45 comprised of one common share and one warrant, and 5,270,300 flow through units priced at \$0.51 comprised of one flow through common share and one warrant. Each warrant entitles the holder thereof to purchase one non-flow through common share at a price of \$0.60 until April 23, 2024.

The flow-through premium liability was determined to be \$0.06 per flow-through unit and accordingly, \$316,218 was allocated to the flow-through premium liability. The Company used the residual method to value the share purchase warrants within the Units with a value of \$410,033 allocated to the share purchase warrants.

- II) On April 27, 2021, the Company completed a private placement of 1,015,823 Units of the Company for gross proceeds of \$482,070. The Units consist of 600,000 non-flow through units priced at \$0.45 comprised of one common share and one common share purchase

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warrant, and 415,823 flow through units priced at \$0.51 comprised of one flow through common share and one warrant. Each warrant entitles the holder thereof to purchase one non-flow through common share at a price of \$0.60 until April 27, 2024.

The flow-through premium liability was determined to be \$0.06 per flow-through unit and accordingly, \$24,949 was allocated to the flow-through premium liability. The Company used the residual method to value the share purchase warrants within the Units with a value of \$30,475 allocated to the share purchase warrants.

In connection with the offering, the Company paid a cash commission equal to 6.5% of the gross proceeds (\$451,671) and 888,404 brokers' warrants equal to 6.5% of the Units sold under the offering. Each brokers' compensation warrant shall entitle the holder thereof to purchase one Unit (on a non-flow through basis) having the same terms as a Unit at the exercise price of \$0.45 until April 23, 2024. The Company incurred other cash issuance costs including legal and filing fees of \$323,641.

The fair value of \$467,200 for the brokers' warrants was estimated using the Black-Scholes Option Pricing Model and was charged to share issue costs and credited to share-based payment reserve. The assumptions used in the Black-Scholes Option Pricing Model were as follows: share price of \$0.43; exercise price of \$0.45 and \$0.60; expected volatility of 106%; expected life of 3 years; a risk-free interest rate of 0.50%; and an expected dividend rate of nil.

The gross proceeds of the flow-through financing of \$2,899,923 will not be available to the Company for future deduction from taxable income after renouncing the flow-through proceeds to the subscribers effective December 31, 2021. Accordingly, the Company has recorded a flow-through premium liability in the aggregate amount of \$341,167 representing the value of the tax benefit to be renounced to subscribers. The flow-through premium liability will be reduced and recorded as an other income item as eligible Canadian Exploration Expenditures are incurred. As at June 30, 2021, the Company had incurred eligible Canadian Exploration Expenditures of \$401,104 and accordingly, recorded flow-through premium income of \$47,189. As at December 31, 2021, the Company had incurred eligible Canadian Exploration Expenditures of \$2,899,923.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended September 30, 2022 was based on the loss attributable to common shareholders of \$2,239,101 (2021 - \$1,819,760) and the weighted average number of common shares outstanding of 96,176,283 (2021 – 79,216,710).

Diluted loss per share did not include the effect of 9,465,000 stock options and 29,985,170 warrants as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all investor relations and technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than

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90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

On exercise, each option allows the holder to purchase one common share of the Company. The changes in options during the nine months ended September 30, 2022 and the year ended December 31, 2021 are as follows:

	Nine months ended September 30, 2022		Year ended December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	7,765,000	\$ 0.50	7,000,000	\$ 0.48
Options granted	1,875,000	0.40	1,390,000	0.45
Options exercised	(175,000)	0.34	(625,000)	0.15
Options expired/forfeited	-	-	-	-
Options outstanding, ending	9,465,000	\$ 0.49	7,765,000	\$ 0.50
Options exercisable, ending	4,203,750	\$ 0.50	3,910,000	\$ 0.50

The weighted average share price on the date of option exercise during the nine months ended September 30, 2022 was \$0.47.

Details of options outstanding as at September 30, 2022 are as follows:

Exercise price	Weighted average contractual life	Number of options outstanding
\$0.35	1.14 years	50,000
\$0.40	4.11 years	⁽¹⁾ 2,025,000
\$0.45	4.08 years	1,390,000
\$0.52	3.25 years	5,625,000
\$0.55	0.35 years	300,000
\$0.60	0.07 years	⁽²⁾ 75,000
\$0.49	3.43 years	9,465,000

⁽¹⁾ Subsequent to September 30, 2022, 150,000 of these stock options expired unexercised.

⁽²⁾ Subsequent to September 30, 2022, 75,000 of these stock options expired unexercised.

Stock-based compensation

During the nine months ended September 30, 2022, the Company granted 1,875,000 stock options (2021 – no stock options granted), the weighted average grant date fair value of the options was \$0.36 per option. The stock options vest as to 25% on the grant date and 25% every year thereafter. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

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	2022	2021
Share price	\$0.34	N/A
Exercise price	\$0.40	N/A
Expected life of options	5.0 years	N/A
Annualized volatility	112%	N/A
Risk-free interest rate	1.75%	N/A
Dividend rate	0%	N/A

The expected volatility was calculated using the historical stock prices of the Company.

During the nine months ended September 30, 2022, the Company recorded \$807,970 (2021 - \$840,406) of stock-based compensation to the condensed interim consolidated statement of comprehensive loss based on the vesting of stock options granted.

Warrants

On exercise, each warrant allows the holder to purchase one common share of the Company except for the 888,404 and 724,542 warrants as described below. The changes in warrants outstanding during the nine months ended September 30, 2022 and the year ended December 31, 2021 are as follows:

	Nine months ended September 30, 2022		Year ended December 31, 2021	
	Number of warrants	Average exercise price	Number of warrants	Average exercise price
Warrants outstanding, beginning	15,571,982	\$ 0.59	240,000	\$ 0.70
Warrants issued	12,800,242	0.44	15,571,982	0.59
Warrants expired	-	-	(240,000)	0.70
Warrants outstanding, ending	28,372,224	\$ 0.53	15,571,982	\$ 0.59

Details of warrants outstanding as at September 30, 2022 are as follows:

Exercise price	Weighted average contractual life	Number of warrants outstanding
\$0.34	2.36 years	⁽¹⁾ 724,542
\$0.45	2.31 years	⁽²⁾ 12,964,104
\$0.60	1.57 years	14,683,578
\$0.53	1.92 years	28,372,224

⁽¹⁾ 724,542 of these warrants are exercisable into units with each unit being comprised of one common share and warrant. Each warrant within the unit entitles the holder to purchase one common share at a price of \$0.45 until February 8, 2025.

⁽²⁾ 888,404 of these warrants are exercisable into units with each unit being comprised of one common share and warrant. Each warrant within the unit entitles the holder to purchase one common share at a price of \$0.60 until April 23, 2024.

10. Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and the fair value of agent's warrants until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

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11. Related party transactions

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Accounting fees	8,798	8,834	35,668	29,370
Directors' fees	4,500	4,500	13,500	13,500
Management fees	58,500	57,000	173,500	171,000
Stock-based compensation	192,216	223,046	632,725	661,864
	264,014	293,380	855,393	875,734

There was \$12,461 owing to related parties at September 30, 2022 (December 31, 2021 - \$1,943) included in accounts payable. The balances owing are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management includes the Chief Executive Officer, the Chief Financial Officer and the directors of the Company. Compensation paid or payable to key management for services during the nine months ended September 30, 2022 amounted to \$179,668 (2021 - \$173,370) for short-term benefits and \$610,943 (2021 - \$649,912) for stock-based compensation.

The Company has a month to month office sublease with a company with common directors (Note 7). During the nine months ended September 30, 2022, the Company recorded office sublease income of \$34,046 (2021 - \$33,702) relating to the sublease.

12. Financial instruments and financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 on its cash held in bank accounts and financial institutions. This risk is managed by using major banks and financial institutions that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents as well as the timing of British Columbia mining tax credits.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

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The following is an analysis of the contractual maturities of the Company's liabilities as at September 30, 2022:

	Within one year	Between one and five years	More than five years
Trade payables and accrued liabilities	\$ 544,259	\$ -	\$ -
Lease obligation	54,219	-	-
Loan	-	40,000	-
Asset retirement obligations	-	-	425,000
	\$ 598,478	\$ 40,000	\$ 425,000

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. The Company has exposure to foreign exchange risk with respect to its cash balances. As at September 30, 2022, the Company had cash held in US dollars of US\$9,952 and Brazilian Reals of R\$23,260.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any significant interest rate risk.

Other price risk

Other price risk is the risk that the fair value of a financial instrument changes due to market risks other than foreign exchange risk or interest rate risk. The Company has no exposure to this risk.

Classification of financial instruments

Financial assets included in the consolidated statement of financial position are as follows:

	September 30, 2022 \$	December 31, 2021 \$
Amortized cost:		
Interest receivable and other receivables	17,737	4,305
Reclamation deposits	424,000	424,000
Fair value through profit or loss:		
Cash and cash equivalents	8,296,314	1,493,365
	8,738,051	1,921,670

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Financial liabilities included in the consolidated statement of financial position are as follows:

	September 30, 2022 \$	December 31, 2021 \$
Amortized cost:		
Trade payables and accrued liabilities	544,259	341,225
Lease obligation	54,219	129,212
Loan	40,000	40,000
	638,478	510,437

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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 following is an analysis of the Company's financial assets measured at fair value as at September 30, 2022 and December 31, 2021:

	As at September 30, 2022		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 8,296,314	\$ -	\$ -
Total	\$ 8,296,314	\$ -	\$ -
	As at December 31, 2021		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,493,365	\$ -	\$ -
Total	\$ 1,493,365	\$ -	\$ -

13. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the condensed interim consolidated statements of cash flows. During the nine months ended September 30, 2022, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- Exploration and evaluation asset expenditures of \$376,792 included in accounts payable and accrued liabilities at September 30, 2022, less expenditures included in accounts payable at December 31, 2021 of \$236,599 (net exclusion of \$140,193);
- Exploration and evaluation asset recovery of \$184,940 included in receivables at September 30, 2022, less amount included in receivables at December 31, 2021 of \$184,940 (net exclusion of \$nil);

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- c) The transfer from share-based payment reserve to share capital of \$37,375, representing the book value of stock options exercised; and,
- d) The issuance of 724,542 brokers' warrants at the fair value of \$145,849.

During the nine months ended September 30, 2021, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- a) Exploration and evaluation asset expenditures of \$680,269 included in accounts payable and accrued liabilities at September 30, 2021, less expenditures included in accounts payable at December 31, 2020 of \$31,552 (net exclusion of \$648,717); and,
- b) Exploration and evaluation asset recovery of \$74,309 included in receivables at June 30, 2021 and December 31, 2020.

14. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

The Company's assets are primarily located in Canada. At September 30, 2022, the Company's assets are located in Canada except for \$19,362 of assets located in Brazil (December 31, 2021 - \$129,443).

15. Subsequent events

Expiry of stock options

A total of 225,000 stock options expired unexercised (Note 9).