



For Nine Months Ended September 30, 2022

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)
(Unaudited)

- Notice of No Auditor Review of Interim Financial Statements
- Condensed Interim Statements of Financial Position
- Condensed Interim Statements of Shareholders' Deficiency
- Condensed Interim Statements of Comprehensive Loss
- Condensed Interim Statements of Cash Flows
- Notes to the Condensed Interim Financial Statements

NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the Condensed 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 interim financial statements of Alliance Mining Corp. for the period ended September 30, 2022 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Company's management.

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

ALLIANCE MINING CORP.

Interim Statement of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	Note	September 30, 2022 \$	December 31, 2021 \$
ASSETS			
CURRENT			
Cash		1,017	1,040
GST Recoverable		5,912	4,618
Prepaid Expenses		13,084	-
		<u>20,013</u>	<u>5,658</u>
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		250,022	263,956
Advances Payable	3	57,000	8,000
Loan Payable	4	27,100	24,806
Payable to 1911 Gold Corporation	6(c)	-	250,000
Convertible Debenture Payable	5	180,940	165,625
Due to Related Parties	8(a)	<u>1,832,614</u>	<u>1,406,216</u>
		<u>2,347,676</u>	<u>2,118,603</u>
SHAREHOLDERS' DEFICIENCY			
Share Capital	7	5,516,240	6,016,240
Shares to be Returned		-	(500,000)
Share Subscription Received		120,000	-
Equity Component of Convertible Debentures		1,494	1,494
Share Purchase Warrant Reserve		-	6,904
Deficit		<u>(7,965,397)</u>	<u>(7,637,583)</u>
		<u>(2,327,663)</u>	<u>(2,112,945)</u>
		<u>20,013</u>	<u>5,658</u>

Nature of Operations and Ability to Continue as a Going Concern (Note 1)

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

Approved on behalf of the Board:

"Al Beaton"

Al Beaton, Director

"Chris Anderson"

Chris Anderson, Director

ALLIANCE MINING CORP.

Interim Statement of Shareholders' Deficiency

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Class "A" Common Shares	Share Capital \$	Shares to be Returned \$	Share Subscription Received \$	Share- Based Payment Reserves Finders' Warrants \$	Equity Component of Convertible Loan \$	Deficit \$	Total Shareholders' (Deficiency) \$
Balance, December 31, 2020	3,684,316	4,837,208	-	-	6,904	1,494	(6,781,186)	(1,935,580)
Shares Issued for Cash	2,100,000	393,750	-	-	-	-	-	393,750
Share Issued for Evaluation Assets	500,000	500,000	-	-	-	-	-	500,000
Share Issuance Costs	-	(1,969)	-	-	-	-	-	(1,969)
Shares Issued on Exercise of Warrants	960,000	288,000	-	-	-	-	-	288,000
Net Comprehensive Loss	-	-	-	-	-	-	(791,502)	(791,502)
Balance, September 30, 2021	7,244,316	6,016,989	-	-	6,904	1,494	(7,572,688)	(1,547,301)
Balance, December 31, 2021	7,244,316	6,016,240	(500,000)	-	6,904	1,494	(7,637,583)	(2,112,945)
Share Subscription Received	-	-	-	120,000	-	-	-	120,000
Fair Value of Expired Agents' Warrants	-	-	-	-	(6,904)	-	6,904	-
Return to Treasury-Evaluation Assets	(500,000)	(500,000)	500,000	-	-	-	-	-
Net Comprehensive Loss	-	-	-	-	-	-	(334,718)	(334,718)
Balance, September 30, 2022	6,744,316	5,516,240	-	120,000	-	1,494	(7,965,397)	(2,327,663)

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

ALLIANCE MINING CORP.

Interim Statement of Comprehensive Loss

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2022	2021	2022	2021
	Note	\$			
EXPENSES					
Accounting, Audit and Legal		13,784	7,500	36,784	47,208
Automotive and Travel		750	750	2,250	2,250
Bank Charges and Interest		14,621	5,601	55,319	16,857
Consulting	8,9	45,000	45,000	135,000	135,000
Exploration and Acquisition Costs	6	27,000	500,000	27,000	505,000
Insurance		(6,500)	-	-	6,874
General and Administration		11,400	12,099	34,200	28,261
Management Fees	8	-	-	1,800	-
Regulatory and Filing Fees		768	7,807	10,865	18,552
Rent		10,500	10,500	31,500	31,500
		117,323	589,257	334,718	791,502
NET COMPREHENSIVE LOSS FOR THE PERIOD		(117,323)	(589,257)	(334,718)	(791,502)
BASIC AND DILUTED LOSS PER SHARE		(0.02)	(0.10)	(0.05)	(0.15)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		6,787,794	6,137,794	7,090,470	5,213,693

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

ALLIANCE MINING CORP.

Interim Statement of Cash Flows

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

	Nine Months Ended September 30,	
	2022	2021
	\$	\$
CASH PROVIDED FROM (UTILIZED FOR)		
OPERATING ACTIVITIES		
Net Loss for the Period	(334,718)	(791,502)
Non-Cash Items:		
Shares Issued for Exploration and Evaluation Assets	-	500,000
	(334,718)	(291,502)
Change in Non-Cash Working Capital Accounts		
Sales Tax Recoverable	(1,294)	(6,140)
Prepaid Expenses	(13,084)	-
Accounts Payable and Accrued Liabilities	(13,934)	(233,611)
Payable to 1911 Gold Corporation	(250,000)	-
Due to Related Parties	426,398	(100,730)
Convertible Debenture Payable	15,315	13,607
Loan Payable	2,294	2,845
	(169,023)	(615,531)
FINANCING ACTIVITIES		
Shares Issued for Cash Net of Issuance Costs	-	391,781
Share Subscription Received	120,000	-
Shares Issued on Exercise of Warrants	-	288,000
Proceeds from Loans and Advances	49,000	-
Repayment of Loan and Advances Payable	-	(44,700)
	169,000	635,081
CHANGE IN CASH	(23)	19,550
Cash, Beginning of the Period	1,040	762
CASH, END OF THE PERIOD	1,017	20,312

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

ALLIANCE MINING CORP.

Notes to the Financial Statements

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

NOTE 1 – NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Alliance Mining Corp. (the “Company”) was incorporated on February 3, 2002, under the laws of the Canada Business Corporation Act and is involved in the acquisition, exploration, and development of mineral properties. In October 2018, the continuation of Alliance Mining Corp. from the federal jurisdiction of the Canada Business Corporations Act into the province of British Columbia was completed. The continuation results in the company becoming subject to all the provisions of the Business Corporations Act (British Columbia).

The Company holds mineral claims located in Manitoba, Canada. The head office, principal address, and records office of the Company are located at 888 Dunsmuir Street, Vancouver, Suite 888, British Columbia, Canada, V6C 3K4.

These financial statements have been prepared in accordance with International Financial Reporting Standards on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast uncertainties on the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon the financial support from its shareholders and other related parties, its ability to obtain financing for the continuing exploration and development of its mineral properties, the existence of economically recoverable reserves, and the attainment of profitable operations or proceeds from disposition of these properties.

The Company has not yet achieved profitable operations and has accumulated losses of \$7,965,397 and a working capital deficiency of \$2,327,663 as at September 30, 2022; accordingly, the Company will need to raise additional funds through future issuance of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations.

The current cash resources are not adequate to pay the Company’s accounts payable and to meet its minimum commitments at the date of these financial statements, including planned corporate and administrative expenses, and other project implementation costs, accordingly, there is significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The interim financial statements have been prepared in accordance to IAS 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These unaudited financial statements were approved and authorized for issue by the board of Directors on November 28, 2022.

b) Basis of Preparation

These interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. Cost is the fair value of the consideration given in exchange for net assets. These interim financial statements do not include all the information required for full annual financial statements. The interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2021. The

ALLIANCE MINING CORP.

Notes to the Financial Statements

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

accounting policies, methods of computation and presentation applied in these financial statements are consistent with those of the previous financial year.

NOTE 3 – ADVANCES PAYABLE

	September 30, 2022 \$	December 31, 2021 \$
Advances Payable	57,000	8,000

Advances payable are non-interest bearing, unsecured and have no specific terms of repayment unless otherwise specified.

NOTE 4 – LOAN PAYABLE

Loan Payable	10,500	10,500
Accrued Interest	16,600	14,306
	27,100	24,806

On August 15, 2018, the Company entered into an agreement with an arm's length individual for a loan of \$33,000 of which \$22,500 was repaid in 2021. The loan is unsecured, has a term of one year and is subject to an interest rate of 12% per annum.

For the period ended September 30, 2022, the Company recorded interest expense of \$2,294 (2021 - \$2,845).

NOTE 5 – CONVERTIBLE DEBENTURE PAYABLE

Convertible Debenture Payable	85,000	85,000
Accrued Interest	95,940	80,625
	180,940	165,625

On May 5, 2015, the Company issued a \$75,000 convertible debenture (the "Debenture"). At the option of the holder, the principal amount of the Debenture is to be converted into 1,500,000 units (60,000 post consolidated). One unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the company at an exercise price of five cents per share for 60 months following the date of issuance of the units. The Debenture had a maturity date of October 5, 2015 and was subject to an interest rate of 10% over the term of the Debenture.

The Debenture is recorded in part as a liability and in part as shareholders' equity. The Company uses the "residual valuation" method to determine the debt and equity components of the convertible debenture. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders' equity.

The Debenture has been accreted to its face value at maturity through a charge to operations. For the year ended December 31, 2015, the Company recorded accretion expense in the amount of \$1,494.

On February 5, 2016, the Company and the lender entered into an agreement to extend the term of the debenture to an open-ended maturity date, by agreeing to an extension fee of \$10,000 and to increase the interest rate on the debenture to 12% per annum.

ALLIANCE MINING CORP.

Notes to the Financial Statements

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

For the period ended September 30, 2022, the Company recorded interest expense of \$15,315 (2021 - \$13,607).

NOTE 6 – EXPLORATION AND EVALUATION ASSET

a) Red Rice Lake Property, Bisset, Manitoba, Canada

In January 2017, the Company signed an option agreement with Tiberius Gold Corp. (“Tiberius”) a private company, under which the Company may acquire 100% of the Red Rice Lake property (the “Property”) located in the Bissett Gold Mine Camp in Manitoba (the “Transaction”). Under the terms of the agreement, the Company may earn-in a 100% interest in the Property by making certain staged cash payments and/or share payments of common shares of the Company to Tiberius totaling \$1,250,000 (\$250,000 annually over a five-year period).

On November 21, 2017, the Transaction was approved by the TSX-V. Pursuant to the terms of the Agreement, the Company issued 20,000 common shares with a value of \$25,000 to an arm’s length party as finder’s fee.

The Company made the first payment by issuing 200,000 common shares to Tiberius on February 09, 2018. The fair value recognized of \$200,000 was based on the closing quoted market price of the Company’s shares at the date of issuance.

In March 2018, the Company entered into three agreements to acquire the net smelter rights (NSR) regarding the Red Rice Lake property. Pursuant to the terms of the agreements, the Company issued a total of 24,000 common shares valued at \$30,000 and made two cash payments totaling \$50,000.

On February 27, 2020 and May 4, 2020, the Company made the remaining four payments of \$250,000 each by issuing 800,000 common shares of its capital to Tiberius Gold Corp. The Company has completed all payments to acquire 100% of Tiberius’ property located in the Bisset Gold Mine Camp in Manitoba. The fair value recognized of \$100,000 was based on the closing quoted market price of the Company’s shares at the date of issuance.

As of December 31, 2021, Tiberius has not transferred the 14 mineral claims comprising the Property to the Company.

In August 2022, the Company commenced legal action against Tiberius alleging breach of the agreement.

b) Moose Gold Property, Bisset Gold Mining Camp, Manitoba, Canada

In June 2021, the Company entered into an option agreement to purchase the Moose claim, in the Bissett-Rice Lake district of Southern Manitoba. The Moose claim lies eight kilometers southeast of San Antonio/True North mine-mill complex operated by 1911 Gold Corporation. The Company has the right to purchase a 100% interest in the Moose claims by making cash payments totaling \$100,000 over a five year period (annual payments of \$5,000 payable by June 11, 2021 to 2025 and \$75,000 payable by June 11, 2026) subject to a 1% net smelter return royalty. The Company made the June 2021 cash payment of \$5,000. Another cash payment of \$5,000 was made in July 2022.

c) Greenbelt Property, Manitoba, Canada

In June 2021, the Company entered into a purchase agreement with 1911 Gold Corporation (“1911 Gold”) to acquire 1911 Gold’s 50% interest in 27 contiguous mining claims totalling 410 hectares (collectively known as the “Greenbelt Property”) located south of Bissett, Manitoba, for total consideration of \$500,000, payable in cash or shares. On June 24, 2021, the Company issued 500,000 common shares with a fair value of \$500,000 to 1911 Gold.

ALLIANCE MINING CORP.

Notes to the Financial Statements

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

In October 2021, the Company and 1911 Gold amended the terms of the original purchase agreement such that the \$500,000 was to be paid in cash only – in equal monthly payments of \$100,000 payable by the 23rd of every month from October 2021 to February 2022. At the year ended December 31, 2021, the Company had paid \$250,000 to 1911 Gold.

In April 2022, the Company completed payment on the remaining \$250,000 and in July 2022, 1911 Gold returned the 500,000 shares to the Company.

TSX-V has approved the Greenbelt Property acquisition.

For the period ended September 30, 2022, \$22,000 was expensed in general exploration in Manitoba.

NOTE 7 – SHARE CAPITAL

a) Authorized Share Capital

Unlimited Number of Class “A” Common Shares, Voting, Without Par Value.

Unlimited Number of Class “B” Common Shares, Non-Voting, Without Par Value.

As at September 30, 2022 there were 6,744,316 common shares issued and outstanding.

b) Issued and Outstanding Common Shares

Shares issued during the period ended September 30, 2022:

No shares were issued during the period ended September 30, 2022.

In July, the Company returned to treasury 500,000 previously issued shares to 1911 Gold Corporation for the Greenbelt Property (Note 6 (c)).

Shares issued during the period ended September 30, 2021:

On April 23, 2021, the Company issued 2,100,000 units at \$0.1875 per unit for total proceeds of \$393,750. One unit consists of one common share and one share purchase warrant exercisable at \$0.30 per share for 18 months from date of issuance.

On June 24, 2021, the Company issued 500,000 shares, fair market valued at \$500,000.00 to acquire the Greenbelt property (Note 6 (c)).

During the period ended September 30, 2021, the Company issued 960,000 shares upon the exercise of share purchase warrants for gross cash proceeds of \$288,000.

c) Share Purchase Warrants

The continuity of share purchase warrants for the period ended September 30, 2022 and 2021 is summarized below.

As at September 30, 2022, the Company has 1,380,000 outstanding share purchase warrants at a weighted average price of \$0.57.

Expiry Date	Exercise Price	December 31, 2021	Issued	Exercised	Expired/ Cancelled	September 30, 2022
October 23, 2022	\$0.30	1,140,000	-	-	-	1,140,000
November 10, 2022	\$1.88	240,000	-	-	-	240,000
Total		1,380,000	-	-	-	1,380,000

ALLIANCE MINING CORP.

Notes to the Financial Statements

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

As at September 30, 2021, the Company had 1,380,000 outstanding share purchase warrants at a weighted average price of \$0.57.

Expiry Date	Exercise Price	December 31, 2020	Issued	Exercised	Expired/ Cancelled	September 30, 2021
May 18, 2021	\$1.25	300,000	-	-	(300,000)	-
October 23, 2022	\$0.30	-	2,100,000	(960,000)	-	1,140,000
November 10, 2022	\$1.88	240,000	-	-	-	240,000
Total		540,000	2,100,000	(960,000)	(300,000)	1,380,000

d) Finders' Warrants

The continuity of finders' warrants for the period ended September 30, 2022 and 2021, is summarized below.

As at September 30, 2022, the Company has no outstanding finders' warrants.

Expiry Date	Exercise Price	December 31, 2021	Issued	Exercised	Expired/ Cancelled	September 30, 2022
May 11, 2022	\$1.88	9,120	-	-	(9,120)	-
Total		9,120	-	-	(9,120)	-

As at September 30, 2021, the Company had 9,120 outstanding finders' warrants at a weighted average price of \$1.88.

Expiry Date	Exercise Price	December 31, 2020	Issued	Exercised	Expired/ Cancelled	September 30, 2021
*May 11, 2022	\$1.88	9,120	-	-	-	9,120
Total		9,120	-	-	-	9,120

d) Stock Options

The Company has established a Stock Option Plan which provides for the granting of incentive stock options up to a maximum of 10% of the Company's issued and outstanding common shares. The terms of the options granted are subject to determination and approval by the Board of Directors. There were no stock options outstanding as at September 30, 2022 and 2021 and December 31, 2021 and 2020.

e) Restricted Share Unit ("RSU") Plan

During the year ended December 31, 2018, the board of directors and the shareholders approved the adoption of a new Restricted Share Unit Plan ("RSU Plan"). The RSU Plan allows an eligible person to acquire restricted share units of the Company and is designed to provide the Company with an additional tool to compensate certain directors, officers, consultants and other key employees of the Company. The aggregate number of shares available for issuance from treasury under the RSU Plan is 2,163,249 shares and together with any other share compensation arrangement is not to exceed 10% of the issued and outstanding Class "A" common shares of the Company at the grant date.

ALLIANCE MINING CORP.

Notes to the Financial Statements

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

NOTE 8 – RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiary, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

a) Related Party Balances

As at September 30, 2022 and December 31, 2021, the Company has the following amounts owed to related parties:

	September 30, 2022 \$	December 31, 2021 \$
Due to a Director (also an officer) for consulting services, expenses and loans	1,787,414	1,361,016
Due to a company with a common Director	40,200	40,200
Loan due to persons related to a Director	5,000	5,000
	<u>1,832,614</u>	<u>1,406,216</u>

b) Compensation of Key Management Personnel and Other Related Parties

The Company incurred consulting and management fees for services provided by key management personnel for the period ended September 30, 2022 and 2021, as described below. All related party transactions were in the ordinary course of business and were measured at their exchange amount.

	September 30, 2022 \$	September 30, 2021 \$
Consulting Fees & Expense Reimbursements	139,950	139,950
Management Fees	1,800	-
Interest on Loans	37,598	-
	<u>179,348</u>	<u>139,950</u>

- During the period ended September 30, 2022, the Company accrued \$139,950 (2021 - \$139,950) in consulting fees and allowances to the CEO and Director of the Company. The Company also paid \$1,800 (2021 - \$Nil) in management fees to the CFO and Director of the Company. Additionally, the Company received \$296,500 (2021 - \$124,125) in loans and accrued/paid \$37,598 (2021 - \$Nil) in associated interest to the CEO.

NOTE 9 – COMMITMENTS

On August 01, 2015, the Company renewed the consulting agreement (initially signed August 2012) with a Director of the Company to provide consulting services for a monthly fee of \$10,000 for a period of three years. The agreement may be terminated by either party on one hundred eighty days written notice. On August 01, 2018, the consulting agreement was renewed for a period of five years at a rate of \$15,000 per month.

ALLIANCE MINING CORP.

Notes to the Financial Statements

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

NOTE 10 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 2 of the audited financial statements. The Company's risk management is coordinated in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program.

The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) 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 working capital deficiency of \$2,327,663 as at September 30, 2022. The Company is dependent upon the availability of credit from its suppliers and its ability to generate enough funds from equity and debt financing to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management considers that risk related to interest is not significant to the Company at this time as the Company has limited short term investments. Amounts owed to related parties are non-interest bearing.

c) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company is in the exploration stage and has not yet commenced commercial production or sales. The Company is not exposed to credit risk.

d) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company conducts a significant portion of its business activities in foreign currency. The Company is exposed to foreign exchange risk to the extent it incurs mineral exploration expenditures and operating costs denominated in U.S. Dollars. The Company does use derivatives to manage its exposure to foreign exchange risk.

e) Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of gold. The Company has not hedged any of its future gold sales. The Company's input costs are also affected by the price of fuel. The Company closely monitors gold and fuel prices to determine the appropriate course of action to be taken.

f) Fair Values

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

ALLIANCE MINING CORP.

Notes to the Financial Statements

For the Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's financial instruments measured at fair value use Level 1 valuation technique during the period ended September 30, 2022 and December 31, 2021. The carrying values of the Company's financial assets and liabilities approximate their fair values as at September 30, 2022 and December 31, 2021.

NOTE 11 – CAPITAL MANAGEMENT

The Company manages its share capital as capital, which as at September 30, 2022, was \$5,516,240 - (December 31, 2021 - \$6,016,240). The Company's objectives when managing capital are:

- i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- ii) to ensure the entity has the capital and capacity to support a long-term growth strategy.

The Company's capital structure reflects the requirements of a company focused on significant growth in a capital-intensive industry. The Company faces lengthy development lead times, as well as risks associated with rising capital costs and timing of project completion because of the availability of resources, permits and other factors beyond our control. The Company's operations are also affected by potentially significant volatility of the metals and materials cycles.

Management continually assesses the adequacy of the Company's capital structure and adjusts within the context of its strategy, the base metal mining industry, economic conditions, and the risk characteristics of the Company's assets. To adjust or maintain its capital structure, the Company may enter new credit facilities or issue new shares.

The Company has several key policy guidelines for managing its capital structure:

- i) maintain a liquidity cushion that allows the Company to address operational and/or industry disruptions or downturns
- ii) ensure the Company has enough funding to complete its development programs at or around the time a definitive decision is made to move forward with a project; and
- iii) maintain a conservative level of debt relative to total capital and earnings within the context of financial forecasts for pricing, costs and production

The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes in the Company's approach to capital management during the period ended September 30, 2022.

NOTE 12 – SUBSEQUENT EVENTS

On September 9, 2022, the Company announced that it has arranged a non-brokered private placement of 4 million units at \$0.12 per unit for gross proceeds of \$480,000. Each unit is comprised of one common share and one share purchase warrant exercisable at \$0.165 for a period of 18 months. Terms of the warrants may be accelerated if specific market conditions are met.