
LUCKY MINERALS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED APRIL 30, 2022 AND 2021

(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READER

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

Lucky Minerals Inc.'s independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

LUCKY MINERALS INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited - Expressed in Canadian dollars)

	Note	April 30, 2022	October 31, 2021
		(\$)	(\$)
ASSETS			
Current assets			
Cash and cash equivalents		1,472,275	1,942,430
Subscription receivable		—	353,000
Prepaid and other receivables		418,705	281,609
		1,890,980	2,577,039
Equipment and right-of-use asset		67,765	54,574
Exploration and evaluation assets	4	6,441,263	5,599,709
TOTAL ASSETS		8,400,008	8,231,322
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	5, 9	271,607	374,946
Lease liability		11,497	20,484
		283,104	395,430
Non-current liabilities			
Lease liability		28,323	28,323
Convertible debenture liability	6	1,402,829	1,448,149
TOTAL LIABILITIES		1,714,256	1,871,902
Shareholders' equity			
Share capital	7	21,139,806	19,399,202
Reserves		4,567,263	4,220,571
Deficit		(19,021,317)	(17,260,353)
TOTAL SHAREHOLDERS' EQUITY		6,685,752	6,359,420
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,400,008	8,231,322

Nature of operations and going concern (Note 1)

Subsequent events (Note 11)

Approved and authorized for issuance by the Board of Directors on June 27, 2022

"François Perron"François Perron
President, CEO, Director"Robert Rosner"Robert Rosner
Director*The accompanying notes are an integral part to the condensed interim consolidated financial statements*

LUCKY MINERALS INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian dollars)

		Three months April 30 2022	Three months April 30 2021	Six months April 30, 2022	Six months April 30, 2021
	Note				
Expenses					
Amortization		6,379	–	12,022	–
Consulting	9	50,219	107,437	136,540	203,974
Directors' fees	9	35,000	30,000	70,000	75,000
Exploration and evaluation	4	549,174	225,889	945,389	291,172
Management	9	76,749	–	153,498	–
Office and administration		(101,498)	65,219	7,840	122,680
Professional fees		139,904	75,848	161,430	201,757
Salaries and wages	9	44,155	118,349	83,080	240,058
Shareholder communication		113,853	65,278	188,278	104,286
Share-based compensation		–	45,237	–	45,237
Transfer agent and regulatory fees		18,702	33,260	43,411	37,015
Travel		170	71	2,203	71
Loss before other items:		(932,807)	(766,588)	(1,803,691)	(1,321,250)
Accretion and interest expense	6	(80,745)	(115,028)	(161,460)	(228,125)
Change in fair value for derivative liability	6	48,839	47,405	204,187	39,760
Loss on lease modification		–	–	–	(909)
Net loss and comprehensive Loss		(964,713)	(834,211)	(1,760,964)	(1,510,524)
Loss per share, basic and diluted		(0.01)	(0.01)	(0.01)	(0.03)
Weighted average number of outstanding shares		149,897,900	77,092,920	138,830,105	58,615,067

The accompanying notes are an integral part to the condensed interim consolidated financial statements

LUCKY MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian dollars)

	Common shares		Reserves			Shareholders'
	Number	Amount	Options	Warrants	Deficit	Equity
	(#)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance, October 31, 2020	46,153,560	13,421,838	2,915,523	643,813	(13,276,188)	3,704,986
Shares issuance on private placement, net of shares issuance costs	30,605,600	2,248,054	—	58,574	—	2,306,628
Shares issued in lieu of cash for convertible debenture interest payment	100,363	10,538	—	—	—	10,538
Service paid in shares	266,667	24,000	—	—	—	24,000
Share-based compensation	—	—	45,237	—	—	45,237
Net loss and comprehensive loss	—	—	—	—	(1,510,524)	(1,510,524)
Balance, April 30, 2021	77,126,190	15,704,430	2,960,760	702,387	(14,786,712)	4,580,865
Shares issuance on private placement, net of shares issuance costs	48,948,000	3,683,605	—	40,923	—	3,724,528
Shares issued for exercise of warrants	4,900	629	—	(237)	—	392
Shares issued in lieu of cash for convertible debenture interest payment	100,363	10,538	—	—	—	10,538
Share-based compensation	—	—	516,738	—	—	516,738
Net loss and comprehensive loss	—	—	—	—	(2,473,641)	(2,473,641)
Balance, October 31, 2021	126,179,453	19,399,202	3,477,498	743,073	(17,260,353)	6,359,420
Shares issuance on private placement	22,353,278	1,676,496	—	335,299	—	2,011,795
Share issuance costs - cash	—	(74,499)	—	—	—	(74,499)
Share issuance costs - warrants	—	(11,393)	—	11,393	—	—
Service paid in shares	1,500,000	150,000	—	—	—	150,000
Share-based compensation	—	—	—	—	—	—
Net loss and comprehensive loss	—	—	—	—	(1,760,964)	(1,760,964)
Balance, April 30, 2022	150,032,731	21,139,806	3,477,498	1,089,765	(19,021,317)	6,685,752

The accompanying notes are an integral part to the condensed interim consolidated financial statements

LUCKY MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)

	Six months ended April 30,	
	2022	2021
	(\$)	(\$)
Operating activities		
Loss for the period	(1,760,964)	(1,510,524)
Adjustments for non-cash items		
Accretion expense and interest expense	161,460	228,125
Amortization	12,030	15,640
Change in fair value of derivative liability	(204,187)	–
Loss on lease modification	–	909
(Gain) loss on special warrants	–	(39,760)
Share-based compensation	–	45,237
Shares issued for services	150,000	24,000
	(1,641,661)	(1,236,373)
Changes in non-cash operating working capital		
Prepaid expenses and other receivable	(137,096)	(69,055)
Share subscriptions receivable	353,000	–
Accounts payable and accrued liabilities	(103,339)	(268,078)
Cash used in operating activities	(1,529,096)	(1,573,506)
Investing activities		
Exploration and evaluation asset expenditures- Tenure costs	(841,554)	(705,774)
Cash used in financing activities	(866,775)	(705,774)
Financing activities		
Proceeds from common shares issuances	2,011,795	2,448,448
Share issuance costs	(74,499)	(105,569)
Lease payment	(11,580)	–
Cash provided by financing activities	1,925,716	2,342,879
Change in cash	(470,155)	63,599
Cash, beginning of the period	1,942,430	115,214
Cash, end of the period	1,472,275	178,813

The accompanying notes are an integral part to the condensed interim consolidated financial statements

LUCKY MINERALS INC.

Notes to the condensed interim consolidated financial statements
For the six months ended April 30, 2022
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Lucky Minerals Inc. (the "Company" or "Lucky"), incorporated in British Columbia, is an exploration stage company engaged principally in the acquisition, exploration, and evaluation of mineral properties. The address of the Company's head office and principal business is Suite 1010, 789 West Pender, Vancouver, British Columbia, Canada.

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

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for at least twelve months from the period end. At April 30, 2022 the Company had a working capital (current assets less current liabilities) of \$1,607,876 (October 31, 2021: working capital of \$2,181,609). During the period ended April 30, 2022 the Company incurred a loss of \$1,760,964 (six months ended April 30, 2021: \$1,510,524) and used cash for operating activities of \$1,529,096 (six months ended April 30, 2021: \$1,573,506).

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

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

LUCKY MINERALS INC.

Notes to the condensed interim consolidated financial statements
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COVID 19:

The outbreak of the coronavirus (COVID-19) global pandemic has adversely affected workforces, economies, and financial markets globally. Since March 2020, governmental measures have been implemented and amended in Canada and the rest of the world in response to the pandemic. The Company continues to operate its business, and adheres to Canadian Federal and Provincial, and Ecuadorian Federal, Regional, Provincial, municipal and parish emergency measures as those are developed. COVID-19 and the various government measures, which could include government mandated temporary closures of international borders, of the Company or of its contractors, or restrictions on travel of various personnel, could impact the Company's ability to conduct its exploration programs in a timely manner. The Company continues to adapt to these changing circumstances and to evaluate the best way to move its exploration activities forward during current conditions and when emergency measures are lifted.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Interim financial statements do not include all the information required for full annual financial statements. These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended October 31, 2021. These condensed interim consolidated financial statements are presented in Canadian dollars, except where otherwise noted.

These condensed interim consolidated financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on June 27, 2022.

b) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, Lucky Minerals Montana, Inc ("LMMI"), incorporated in the United States, and Goldminex S.A. ("Goldminex"), incorporated in Ecuador. All inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

c) Foreign currency translation

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

LUCKY MINERALS INC.

Notes to the condensed interim consolidated financial statements
For the six months ended April 30, 2022
(Unaudited - Expressed in Canadian dollars)

d) Significant accounting estimates and judgments

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

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

Judgments

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

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

- (ii) The assessment for impairment of exploration and evaluation assets requires judgement to determine whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore has expired or will expire in the future, and is not expected to be renewed; substantive expenditures on exploration activities and evaluation of mineral resources in the specific area is neither budgeted or planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources; or sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Management has assessed for impairment indicators on the Company's exploration and evaluation assets and has concluded that no impairment indicators exist as of April 30, 2022 for the Fortuna Project.

3. SIGNIFICANT ACCOUNTING POLICIES

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

LUCKY MINERALS INC.

Notes to the condensed interim consolidated financial statements
For the six months ended April 30, 2022
(Unaudited - Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Fortuna
	(\$)
Balance, October 31, 2020	4,925,502
Tenure costs	674,207
Balance, October 31, 2021	5,599,709
Tenure costs	841,554
Balance, April 30, 2022	6,441,263

Fortuna Project, Ecuador

Goldminex owns the rights to the Fortuna concessions ("Fortuna Project") in Ecuador. The property consists of 12 contiguous mining concessions which have been granted to the Company for a period of 25 years from various dates in 2017.

On June 9, 2020, in respect of a memorandum of understanding entered into in March 2020, the Company and First Quantum Minerals Ltd. ("First Quantum") entered into an option agreement ("Option Agreement") pursuant to which First Quantum had the right to earn, over 3 phases, an undivided 70% interest in the property, in consideration for incurring certain expenditures on the property and making certain payments to the Company, over 3 phases. On February 23, 2021, the Company was advised by First Quantum that First Quantum was terminating the Option Agreement.

The following table shows the activity by category of exploration for the 6 months ended April 30, 2022 and 2021:

Exploration and Evaluation Expenditures	April 30, 2022	April 30, 2021
	\$	\$
Camp and accommodations	19,000	-
Compliance reporting	44,495	-
Camp costs	151,514	187,649
Community relations	57,826	-
Equipment rental	-	6,744
Field personnel	319,679	57,046
Geological evaluations	159,655	-
Sampling	119,050	12,836
Technical reporting	3,949	-
Travel	70,221	26,897
Total	945,389	291,172

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(Unaudited - Expressed in Canadian dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2022	October 31, 2021
	(\$)	(\$)
Accounts payable	105,709	314,279
Accrued liabilities	66,731	31,500
Due to related parties (note 9)	99,167	29,167
	271,607	374,946

6. CONVERTIBLE DEBENTURE

On October 4, 2018, the Company issued 2,875 units of convertible debentures (the “2018 Debentures”) for gross proceeds of \$2,875,000 of which \$1,380,000 remained outstanding as at October 31, 2021. Each unit issued consisted of \$1,000 principal amount of 12% three-year convertible unsecured unsubordinated debentures convertible into common shares of the Company at a price of \$1.125 per common share, and 333 warrants. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$1.65 for a period of 24 months.

The 2018 Debentures were convertible at the option of the holder prior to maturity into: (i) the number of shares computed on the basis of the principal amount divided by the conversion price of \$1.125; and (ii) an amount equal to the make-whole amount payable, at the option of the holder, in cash or through the issuance of common shares issuable at an issue price per share equal to the higher of \$0.825 and the current market price of the Company’s shares. The make whole amount was equal to the interest payments that would have been made as if the principal amount in relation to debentures converted remained outstanding from the date of conversion to the maturity date and such amount will be reduced by 1% for each 1% that the current market price exceeds the conversion price calculated as at the business day immediately preceding the notice of conversion. The conversion option available with the holder and make whole payment obligation was recognized as a derivative liability. The 2018 Debentures provided the right to the Company to settle interest payments in shares, with the number of common shares determined by dividing the interest amount by the higher of the fixed price of \$0.825 (post consolidation) or the current market price of the shares. The option to make interest payments in shares with a fixed exchange ratio element was recognized as a derivative asset.

For accounting purposes, the 2018 Debentures were separated into liability and derivative components with their fair value at the date of inception estimated using a mathematical model, within which specific assumptions including share price volatility and risk free rates are developed using market-based indications as inputs into the analysis to determine the fair value of the derivative component.

The 2018 Debentures were amended on October 4, 2021 (the “Amended 2018 Debentures”), such that the maturity date was extended to October 31, 2023, the coupon interest rate reduced to 8% per annum, each debenture is convertible into 10,000 common shares and 5,000 warrants at the option of holder, no make whole payment is required, and accrued interest, if settled in shares, will be settled

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Notes to the condensed interim consolidated financial statements
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at the current market price of the shares. As the Amended 2018 Debentures have substantially different terms from the 2018 Debentures, the 2018 Debentures were derecognized and a new liability for the Amended 2018 Debentures was recorded. The option available with the holder to convert the Amended 2018 Debentures into common shares and warrants was identified as a derivative liability.

On October 4, 2021, the fair value of the derivative liability was estimated at \$538,864 using the Binomial tree model with the following assumptions:

- Share price as at October 3, 2021: \$0.085
- Volatility: 70%
- Credit spread: 11.55%

On April, 2022, the fair value of the derivative liability was estimated at \$334,677 using the Cox-Ross-Rubinstein model with the following assumptions:

- Share price as at April, 2022: \$0.065
- Volatility: 70%
- Credit spread: 11.55%

Interest and accretion expense for the period ended April 30, 2022 was \$158,867 (October 31, 2021: \$463,624).

	Liability	Derivative liability	Derivative asset	Total
	\$	\$	\$	\$
Balance October 31, 2020	1,150,124	7,800	(111,000)	1,046,924
Interest expense (to October 4, 2021)	440,996	-	-	440,996
Interest settled	(165,599)	-	144,523	(21,076)
Derivative Gain	-	(7,800)	(33,523)	(41,323)
Balance October 4, 2021	1,425,521	-	-	1,425,521
Derecognition of original liability and recognition of liability for amended agreement	(538,864)	538,864	-	-
Interest expense (October 4, 2021 to October 31, 2021)	22,628	-	-	22,628
Balance October 31, 2021	909,285	538,864	-	1,448,149
Interest expense	158,867	-	-	158,867
Derivative Gain	-	(204,187)	-	(204,187)
Balance April 30, 2022	1,068,152	334,677	-	1,402,829

No conversions of any of the debenture into common shares of the Company occurred in the period ended

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(Unaudited - Expressed in Canadian dollars)

April 30, 2022.

7. SHARE CAPITAL**a) Authorized**

Authorized share capital consists of an unlimited number of common shares without par value.

b) Share issuances**Six months ended April 30, 2022****Financings**

The Company closed a private placement ("Offering") pursuant to which it issued units ("Units") comprised of common shares ("Shares"), warrants ("Warrants"), and paid finders' fees in cash and warrants ("Finders' Warrants") as follows:

Private Placement January 2022	
Closing Date	January 24, 2022
Gross Proceeds	\$2,011,795
Shares Issued	22,353,278
Warrants Issued	22,353,278
Warrant Exercise Price	\$0.200
Warrant Expiry Date	January 24, 2024
Finders' Fees	
Cash	\$35,000
Finders' Warrants	388,888
Exercise Prices	\$0.150
Expiry Date	January 24, 2023

The unit price of this offering was greater than the trading price of the shares on the date of issuance, therefore, the fair value assigned to the Warrants using the residual value method was \$335,299.

The Finders' Warrants issued on in respect of the Offerings were recorded at the fair value of \$11,393 using the Black-Scholes pricing model using the following assumptions:

Risk-free interest rate (%)	0.99
Expected stock price volatility (%)	92
Expected dividend yield (%)	0
Expected life of warrants (years)	1

On February 7, 2022, the Company issued 1,500,000 common shares of the Company in respect of services received by the Company, which shares were valued at \$150,000 in total.

In respect of a private placement closed September 16, 2021, all of the amounts receivable at October 31, 2021 were received during the period ended April 30, 2022.

LUCKY MINERALS INC.

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(Unaudited - Expressed in Canadian dollars)

Year ended October 31, 2021**Convertible debenture (Note 6)**

In lieu of cash payment in respect of interest on the convertible debenture, the Company issued the following common shares:

Date of issuance	Interest	Shares Issued
	(\$)	(#)
December 31, 2020	10,538	100,363
June 30, 2021	10,538	100,363
	21,076	200,726

Goldminex transaction

In connection with the acquisition of Goldminex S.A on September 30, 2018, the Company issued 266,667 common shares at a fair value of \$24,000 on February 12, 2021.

Financings

The Company closed private placements ("Offerings") pursuant to which it issued units ("Units") comprised of common shares ("Shares"), warrants ("Warrants"), and paid finders' fees in cash, warrants ("Finders' Warrants") as follows:

Private Placement announced January 13, 2021

	<u>Tranche #1</u>	<u>Tranche #2</u>	<u>Total</u>
Closing Date	February 17, 2021	February 19, 2021	
Gross Proceeds	\$1,983,648	\$464,800	\$2,448,448
Shares Issued	24,795,600	5,810,000	30,605,600
Warrants Issued	24,795,600	5,810,000	30,605,600
Warrant Exercise Price	\$0.150	\$0.150	
Warrant Expiry Date	February 19, 2023	February 19, 2023	
Finders' Fees			
Cash	\$74,085	\$19,684	\$93,769
Finders' Warrants	926,060	246,050	1,172,110
Exercise Prices	\$0.080	\$0.080	
Expiry Date	February 17, 2022	February 19, 2022	

Warrants issued in connection with the Units were valued \$Nil, using the residual method on the date of completion of private placement.

The Finders' Warrants issued on in respect of the Offerings were recorded at a fair value of \$58,574 using the Black-Scholes pricing model with the following assumptions:

Risk-free interest rate (%) 0.15

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Expected stock price volatility (%)	168 to 170
Expected dividend yield (%)	0
Expected life of warrants (years)	1

Private Placements September, 2021

	Tranche #1	Tranche #2	
Closing Date	September 7, 2021	September 16, 2021	Total
Gross Proceeds	\$2,727,840	\$1,188,000	\$3,915,840
Shares Issued	34,098,000	14,850,000	48,948,000
Warrants Issued	34,098,000	14,850,000	48,948,000
Warrant Exercise Price	\$0.150	\$0.150	
Warrant Expiry Date	September 7, 2023	September 16, 2023	
Finders' Fees			
Cash	\$105,413	\$13,600	\$119,013
Finders' Warrants	1,317,660	146,125	1,463,785
Exercise Prices	\$0.150	\$0.150	
Expiry Date	September 7, 2022	September 16, 2022	

Warrants issued in connection with the Units were valued \$Nil, using the residual method on the date of completion of private placement. At October 31, 2021, a total of \$353,000 was receivable in connection with the private placement and received subsequent to October 31, 2021.

The Finders' Warrants issued in respect of the Offerings were recorded at a fair value of \$40,922 using the Black-Scholes pricing model with the following assumptions:

Risk-free interest rate (%)	0.27 to 0.28
Expected stock price volatility (%)	104 to 105
Expected dividend yield (%)	0
Expected life of warrants (years)	1

Warrants exercised

On August 4, 2021, 4,900 Warrants were exercised at \$0.08 per share for total proceeds of \$392 and the fair value of the exercised warrants of \$237 was transferred from reserves to share capital during the year ended October 31, 2021.

c) Finders' Special Warrants

In respect of a private placement closed on June 8, 2020, 626,336 Finders' Special Warrants were issued, allowing for the acquisition of up to, in the aggregate, 626,336 units at \$0.15 per unit until June 10, 2021 (the "Units"); each Unit was comprised of one common share and one underlying warrant ("Underlying Warrant"), with each Underlying Warrant allowing the holder to acquire one additional common share at \$0.20 per common share for 24 months after the date of exercise of the Special Warrant. The Finders' Special Warrants did not meet the definition of equity and as such were

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Notes to the condensed interim consolidated financial statements

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recognized as a financial liability measured at fair value through profit and loss. The Finders' Special Warrants expired on June 10, 2021, and the Company recorded a non-cash gain of \$60,542 related to the Finders' Special Warrants prior to October 31, 2021.

d) Options

The Company has a stock option plan (the "Plan") administered by the Board of Directors, which provides the Board of Directors the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount at the time of grant. The terms of all options cannot exceed 5 years and the minimum exercise price cannot be less than the closing price of the Company's common shares on the TSX-V on the last trading day preceding the grant of the option. All of the outstanding options of the Company were issued with an expiry date of 5 years from the date of issue. Except as may be prescribed by the Exchange, the Board of Directors determines the vesting terms of the options. Share-based payments reserve is included in shareholders' equity and consists of the estimated fair value of stock options.

A summary of the Company's stock option transactions follows:

	Number of Options (#)	Weighted Average Exercise Price (\$)
Balance - October 31, 2020	4,577,000	0.220
Granted	700,000	0.100
Granted	7,755,000	0.100
Forfeited	(1,540,000)	0.220
Balance - October 31, 2021	11,492,000	0.132
Balance - April 30, 2022	11,492,000	0.132

At April 30, 2022, the following options, with a weighted average life of 4.07 years, were outstanding:

Expiry Date	Number of Options (#)	Exercise Price (\$/share)
July 9, 2025	3,037,000	\$0.220
March 25, 2026	700,000	\$0.100
October 1, 2026	7,755,000	\$0.100
	11,492,000	

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For the six months ended April 30, 2022
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d. Warrants

A summary of the Company's warrant transactions follows:

	Number of warrants (#)	Weighted average exercise price (\$/share)
Balance - October 31, 2020	28,001,562	0.350
Expired	(2,340,227)	1.500
Issued	31,772,810	0.147
Balance - April 30, 2021	57,434,145	0.191
Issued	50,416,685	0.150
Exercised	(4,900)	0.150
Expired	(922,506)	0.150
Balance - October 31, 2021	106,923,424	0.172
Issued	22,742,166	0.199
Expired	(5,724,703)	0.315
Balance - April 30, 2022	123,940,887	0.17

At April 30, 2022, the following warrants, with a weighted average life of 1.08 years, were outstanding:

Date of issuance (date)	Expiry date (date)	Number of warrants (#)	Exercise price (\$/share)
June 10, 2020	June 10, 2022	14,244,733	0.220
June 26, 2020	June 26, 2022	5,936,603	0.220
February 17, 2021	February 19, 2023	24,795,600	0.150
February 19, 2021	February 19, 2023	5,810,000	0.150
September 7, 2021	September 7, 2023	34,098,000	0.150
September 7, 2021	September 7, 2022	1,317,660	0.150
September 16, 2021	September 16, 2023	14,850,000	0.150
September 16, 2021	September 16, 2022	146,125	0.150
January 24, 2022	January 24, 2024	22,353,278	0.200
January 24, 2022	January 24, 2023	388,888	0.150
Balance - April 30, 2022		123,940,887	

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at April 30, 2022, the Company's financial instruments consist of cash, accounts payable and accrued liabilities and the convertible loan liability. IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

As at April 30, 2022, the Company believes that the carrying values of cash, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at April 30, 2022, the Company had cash of \$1,472,275 to settle current liabilities of \$271,607. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means (see Note 1).

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations, thus this risk is primarily attributable to cash. The Company's cash is held at large financial institutions such that counterparty risk is considered to be very low.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at April 30, 2022, this risk relates to the Company's cash where interest rate risk is low due to the low prevailing interest rates.

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9. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations. The Company incurred the following transactions with directors and key management personnel during the period ended April 30, 2022 and 2021:

	April 30, 2022	April 30, 2021
	(\$)	(\$)
Consulting fees	24,000	44,000
Directors' fees	70,000	75,000
Management fees and salaries	153,498	90,000
	247,498	209,000

A total of \$99,167 was owed to various related parties at April 30, 2022 (October 31, 2021: \$29,167)

10. SEGMENTED INFORMATION

All of the Company's operations are in the resource sector. The Company's mineral exploration and development operations are in the United States and Ecuador. The following provides segmented disclosure on the non-current assets based on geographical locations:

	Canada	Ecuador	Total
April 30, 2022	(\$)	(\$)	(\$)
Non-current assets			
Equipment and Right-of-use asset	67,765	-	67,765
Exploration and evaluation assets	-	6,441,263	6,441,263
Total	67,765	6,441,263	6,509,028
 October 31, 2021	 (\$)	 (\$)	 (\$)
Non-current assets			
Equipment and Right-of-use asset	54,574	-	54,574
Exploration and evaluation assets	-	5,599,709	5,599,709
Total	54,574	5,599,709	5,654,283

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11. SUBSEQUENT EVENTS

- The Company closed a private placement ("Offering") pursuant to which it issued units ("Units") comprised of common shares ("Shares") and warrants ("Warrants") as follows:

Private Placement June 9, 2022

Closing Date	09-Jun-22
Gross Proceeds	\$2,000,000
Shares Issued	35,714,286
Warrants Issued	35,714,286
Warrant Exercise Price	\$0.10
Warrant Expiry Date	09-Jun-25

- On June 10, 2022, a total of 14,244,733 warrants at \$0.22 per common share expired, and on June 26, 2022, a total of 5,936,603 warrants at \$0.22 per common share expired.