

Western Atlas Resources Inc.

Consolidated Financial Statements
For the nine months ended September 30, 2022 and 2021
(Expressed in Canadian dollars)

WESTERN ATLAS RESOURCES INC.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ 447,217	\$ 1,165,507
Prepaid expenses	42,438	32,594
Accounts receivable	6,630	6,689
	496,285	1,204,790
Non-current assets		
Exploration and evaluation assets (Note 4)	4,913,967	4,880,938
Total assets	\$ 5,410,252	\$ 6,085,728
LIABILITIES and SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 22,283	\$ 31,606
	22,283	31,606
Shareholders' equity		
Share capital (Note 5)	9,779,716	9,660,716
Equity reserves	743,815	610,750
Deficit	(5,135,562)	(4,217,344)
	5,387,969	6,054,122
Total liabilities and shareholders' equity	\$ 5,410,252	\$ 6,085,728

Going concern (Note 1)

These consolidated financial statements were approved for issue by the Board of Directors on November 18, 2022.

They are signed on the Company's behalf by:

"Fabio Capponi"

Director

"Susan Rubin"

Chief Financial Officer

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

WESTERN ATLAS RESOURCES INC.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

	Three months ended September 30, 2022	Nine months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2021
Operating expenses				
General and administrative expenses	\$ 16,630	\$ 65,476	\$ 34,194	\$ 78,560
Salaries and benefits (Note 7)	31,727	97,621	30,520	95,368
Accounting, audit and advisory services (Note 7)	49,700	263,919	48,800	179,995
Legal fees	8,314	12,812	10,895	11,111
Property investigation costs	88,652	291,820	30,984	109,717
Investor relations	23,528	52,980	9,176	20,654
Share-based payments (Note 5)	-	133,065	-	-
Foreign exchange (gain) loss	(650)	525	83	704
Net loss and comprehensive loss for the period	\$ 217,901	\$ 918,218	\$ 164,652	\$ 496,109
Weighted average Common Shares Outstanding	117,553,398	117,389,295	116,078,398	116,059,350
Loss per Common Share - basic and diluted	\$0.00	\$0.01	\$0.00	\$0.00

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

WESTERN ATLAS RESOURCES INC.

Consolidated Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Total number of shares issued	Total share capital	Reserves	Deficit	Total Shareholders' Equity
Balance January 1, 2022	116,153,398	\$ 9,660,716	\$ 610,750	\$ (4,217,344)	\$ 6,054,122
Net loss	-	-	-	(918,218)	(918,218)
Shares issued for RSU's	1,400,000	119,000	-	-	119,000
Share based payments	-	-	133,065	-	133,065
Balance September 30, 2022	117,553,398	\$ 9,779,716	\$ 743,815	\$ (5,135,562)	\$ 5,387,969
Balance January 1, 2021	115,878,398	\$ 9,639,216	\$ 610,750	\$ (3,549,649)	\$ 6,700,317
Net loss	-	-	-	(918,218)	(918,218)
Shares issued for cash	200,000	14,000	-	-	14,000
Balance September 30, 2021	116,078,398	\$ 9,653,216	\$ 610,750	\$ (4,467,867)	\$ 5,796,099

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

WESTERN ATLAS RESOURCES INC.

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Cash flows provided by (used in):		
Operating activities		
Net loss for the period	\$ (918,218)	\$ (496,109)
Adjustment for non-cash items		
Share- based payments	133,065	-
Shares granted from RSU	119,000	-
Changes in non-cash working capital items:		
Prepaid expenses	(9,844)	57,274
Accounts receivable	59	4,349
Accounts payable and accrued liabilities	(9,323)	4,248
Net cash used by operating activities	(685,261)	(430,238)
Investing activities		
Exploration and evaluation assets	(33,029)	(708,846)
Short term investment	-	-
Net cash used by investing activities	(33,029)	(708,846)
Financing activities		
Share issue costs	-	14,000
Net cash provided by financing activities	-	14,000
Net cash increase (decrease) for the period	(718,290)	(1,125,084)
Cash and cash equivalents at beginning of period	1,165,507	2,459,851
Cash and cash equivalents at end of period	\$ 447,217	\$ 1,334,767

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

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2022 and 2021

1. Nature of operations and going concern

Western Atlas Resources Inc. (the “Company”) is a company domiciled in Canada. The address of the Company’s registered office is Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8. The Company has one wholly owned subsidiary, Western Atlas Holding Corp., which in turn has two wholly owned subsidiary, 5530 Nunavut Inc., which is domiciled in Canada and Andes Ecosucursal S.A.S., which is domiciled in Ecuador.

The consolidated financial statements of the Company for both periods presented comprises the Company and its subsidiaries (together referred to as the “Company” and individually as “Company entities”). The Company and its subsidiaries are primarily involved in the discovery, acquisition, and development of mineral deposits in premier mining jurisdictions.

These consolidated financial statements have been prepared on a basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the nine months ended September 30, 2022, the Company incurred a net loss of \$918,218 (nine months ended September 30, 2021 - \$496,109). At September 30, 2022, the Company had not achieved profitable operations, had an accumulated deficit of \$5,135,562 (December 31, 2021 - \$4,217,344) and expects to incur further losses as it develops its business and explores its mineral property interests. The Company will be required to raise additional financing to maintain its operations; all of the factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain resources that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary mining and environmental permits, and upon future profitable production or proceeds from disposition of the mineral property.

The ability of the Company to carry out its planned business objectives and continue as a going concern is dependent on its ability to raise adequate financing from lenders, shareholders, and other investors and/or generate operating profitability and positive cash flow from its mineral property interests. There can be no assurances that the Company will be able to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations and exploration and development activities which may impact the Company’s ability to maintain its mineral property interests.

The consolidated financial statements do not include any adjustments relating to the recorded amounts and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It has adversely affected global workforces, economics, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company’s business or operations.

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2022 and 2021

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments carried at fair value. In addition, these consolidated financial statements have also been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates

Significant areas requiring the use of estimates and assumptions are as follows:

Recoverability and measurement of deferred tax assets

The Company operates in British Columbia and Nunavut and is subject to provincial and territorial corporate tax rates and rules of taxation. The Company calculates deferred income taxes based on temporary differences between the assets and liabilities that are reported in its financial statements and their tax bases as deferred tax assets or liabilities, when applicable, as determined under applicable tax legislation.

The future realization of deferred tax assets can be affected by many factors, including current and future economic conditions, net realizable fair market value, and can either be increased or decreased where, in the view of management, such change is warranted. No deferred tax assets have been deemed probable to date.

Share-based compensation

The fair value of share-based payments and warrants is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2022 and 2021

2. Basis of preparation (continued)

Judgements

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenses, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Eligible flow-through expenditures

The Company is required to spend proceeds from the issuance of flow-through shares on qualifying resources expenditures. Difference in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

Impairment of exploration and evaluation assets

The Company's exploration and evaluation assets represent acquisition and exploration costs relating to the Company's exploration and evaluation assets. At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset, which is the greater of the asset's value in use and fair value less costs to sell. The Company considers both external and internal sources of information in assessing whether there are any indications that the Company's exploration and evaluation assets are impaired.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed, when necessary, to align them with the policies adopted by the Company.

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Notes to the Consolidated Financial Statements
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3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

Details of the Company's subsidiaries at September 30, 2022, are as follows:

Name	Place of Incorporation	Interest	Principal Activity
Western Atlas Holding Corp.	British Columbia, Canada	100%	Mineral exploration and evaluation
5530 Nunavut Inc.	Nunavut, Canada	100%	Mineral exploration and evaluation
Andes Ecosucursal S.A.S.	Ecuador	100%	Mineral exploration and evaluation

(ii) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Revenues and expenses in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in the foreign currency are not re-translated. Exchange differences from transactions are recorded in profit or loss.

(c) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

Financial Instrument	Classification
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

(i) Financial assets

Initial recognition and measurement

The Company recognizes a financial asset when it becomes party to the contractual provisions of the instrument. A financial asset is measured initially at fair value plus,

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
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3. Significant accounting policies (continued)

(c) Financial instruments (continued)

for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are carried in the statement of financial position at fair value with changes in fair value included in other comprehensive income. The Company has no financial assets classified as fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset measured at amortized cost is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if necessary. The Company has no financial assets classified as amortized cost.

(ii) Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

- The contractual rights to receive cash flows from the financial asset have expired; or
- The Company has transferred substantially all the risks and rewards of the financial asset.

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is

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3. Significant accounting policies (continued)

(c) Financial instruments (continued)

derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Financial liabilities at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability.

Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method. The Company's accounts payable are measured at amortized cost.

Financial liabilities at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises. The Company has no financial liabilities classified as fair value through profit or loss.

Share-based payments

The Company has a stock option plan, whereby share purchase options are granted in accordance with the policies of regulatory authorities. Share-based payments to employees are measured on the grant date using the Black-Scholes option pricing model and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The offset to the recorded cost is to the reserve for share-based payments. Consideration received on the exercise of stock options is recorded as share capital and the related reserve for share-based payments is transferred to share capital.

(d) Exploration expenditures

The cost of exploration expenditures is expensed for costs incurred before the Company has obtained the legal rights to explore an area of interest.

(e) Exploration and evaluation assets

Exploration and evaluation expenditures include the cost of acquiring licenses, costs

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3. Significant accounting policies (continued)

(e) Exploration and evaluation assets (continued)

associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal right to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and the balance is reclassified as a development asset in property, plant, and equipment.

Recoverability of the carrying amount of any exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

(f) Provision for closure and reclamation

The Company recognizes statutory, contractual, or other obligations related to the retirement of its exploration assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision for closure and reclamation as at September 30, 2022.

(g) Impairment of non-financial assets

Impairment tests on non-financial assets, including exploration and evaluation assets, are performed whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell

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Notes to the Consolidated Financial Statements
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3. Significant accounting policies (continued)

(g) Impairment of non-financial assets (continued)

and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior reporting periods. A reversal of an impairment loss is recognized immediately in profit or loss.

(h) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax

WESTERN ATLAS RESOURCES INC.

Notes to the Consolidated Financial Statements
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3. Significant accounting policies (continued)

(h) Income tax (continued)

authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and guaranteed investment certificates (“GIC’s”) with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As of September 30, 2022, the Company had \$400,000 of cash equivalents in the form of GIC’s which are cashable at the Company’s discretion (December 31, 2021 - \$1,125,000).

(j) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share is calculated based on the weighted average number of common shares outstanding during the period, plus the effects of the dilutive common share equivalents. This method required that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(k) Flow-through shares

The Company will, from time to time, issue flow-through shares to finance exploration programs undertaken in Canada. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of the qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through share using the residual method into i) share capital, ii) warrants, and iii) flow-through share premium, equal to the estimated premium, if any, investors paid for the flow-through feature, which is recognized as a liability. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of the tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. The required flow-through expenditures as of

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3. Significant accounting policies (continued)

(k) Flow-through shares (continued)

September 30, 2022 and December 31, 2021 are \$nil. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

4. Exploration and evaluation assets

Title to exploration and evaluation properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many such assets. The Company has investigated title to all of its mineral properties, and to the best of its knowledge, title to all such assets is in good standing.

Meadowbank Project

At September 30, 2022, the Company holds the mineral rights to property in Nunavut, Canada, namely the Meadowbank Project.

At September 30, 2022 the following costs are capitalized as exploration and evaluation assets:

Exploration Costs - Nunavut	Balance December 31, 2021	Nine months ended September 30, 2022	Balance September 30, 2022
Acquisition costs			
Recording and staking fees	\$ 182,658	\$ -	\$ 182,658
Exploration costs			
43-101 Technical Report	62,176	-	62,176
Drilling	700,855	-	700,855
Field supplies and expenses	1,190,667	15,246	1,205,913
Geological services	1,201,445	5,702	1,207,147
GeoPhysical surveys	637,988	-	637,988
Laboratory analysis	254,794	12,081	266,875
Logistics	459,967	-	459,967
Travel	190,388	-	190,388
	4,698,280	33,029	4,731,309
Total Exploration Costs	\$ 4,880,938	\$ 33,029	\$ 4,913,967

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5. Share capital

(a) Authorized

Unlimited number of common voting shares without par value.

(b) Issued during the nine months ended September 30, 2022

On February 1, 2022, 1,400,000 RSUs, were exercised for a total of 1,400,000 common shares at a deemed value of \$119,000.

(c) Issued during the year ended December 31, 2021

On January 22, 2021, 200,000 share purchase options, priced at \$0.07 per option, were exercised for a total of \$14,000.

On November 8, 2021, 75,000 share purchase options, priced at \$0.10 per option, were exercised for a total of \$7,500.

(d) Stock Options

The Company has a stock option plan that provides for the issuance of compensatory options to its directors, officers, employees and consultants. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time. Options granted under the plan may have a maximum term of ten years. Terms of the vesting period over which the options are earned is determined by the Board of Directors.

The continuity of share purchase options at September 30, 2022 is as follows:

Exercise Price	Expiry Date	December 31, 2021	Granted	Exercised	Expired	September 30, 2022
\$0.10	15-Jun-22	3,765,000	-	-	(3,765,000)	-
\$0.20	27-Aug-23	900,000	-	-	-	900,000
\$0.32	01-Sep-26	232,500	-	-	-	232,500
\$0.085	28-Jan-24	-	3,350,000	-	-	3,350,000
		4,897,500	3,350,000	-	(3,765,000)	4,482,500

As September 30, 2022 there were 4,482,500 vested options with a weighted average exercise price of \$0.12. The weighted average remaining contractual life of the vested options is 1.4 years.

The share-based payments were derived from the vesting of grants which have been estimated using the Black-Scholes option pricing model based on the following weighted-average assumptions:

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5. Share capital (continued)

(d) Stock Options (continued)

	Nine months ended September 30, 2022
Expected life	2 years
Expected volatility	119.40%
Expected dividend yield	Nil
Risk-free interest rate	1.15%
Fair value per option	\$0.04

In estimating the fair value of options issued using the Black-Scholes option pricing model, the Company is required to make assumptions. The expected volatility assumption is based on the historical volatility of the Company's common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has historically not paid dividends on its common stock.

(e) Warrants

On September 24, 2021, the Company extended the expiry date of certain of the \$0.20 warrants from October 9, 2021 to October 9, 2022. The expiry date of broker warrants was not extended.

The continuity of warrants at September 30, 2022 is as follows:

Exercise Price	Expiry Date	December 31, 2021	Granted	Exercised	Expired	September 30, 2022
\$0.20	09-Oct-22	11,127,943	-	-	-	11,127,943
\$0.15	17-Jul-22	29,450,000	-	-	(29,450,000)	-
		40,577,943	-	-	(29,450,000)	11,127,943

At September 30, 2022 there were 11,127,943 warrants outstanding with a weighted average exercise price of \$0.20 and a weighted average remaining contractual life of 0.02 years (December 31, 2021 – 40,641,843 warrants outstanding with a weighted average exercise price of \$0.16 and a weighted average remaining contractual life of 0.6 years).

(f) Long-Term Incentive Plan

At the Company's Annual General and Special Meeting on January 7, 2022, the shareholders voted to establish a Long Term Incentive Plan (the "Plan"). This Plan will promote the long-term success of the Company and the creation of shareholder value by: (a) encouraging the attraction and retention of Eligible Persons; (b) encouraging such Eligible Persons to focus on critical long-term objectives; and (c) promoting greater alignment of the interests of such Eligible Persons with the interests of the Company.

To this end, this Plan provides for the grant of Restricted Share Units, Performance Share Units, and Deferred Share Units to Eligible Persons as further described in this Plan. The Plan and the

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5. Share capital (continued)

(f) Long-Term Incentive Plan (continued)

Restricted Share Units, Performance Share Units, and Deferred Share Units, issuable under the Plan, are subject to Policy 4.4 of the TSX Venture Exchange.

On January 28, 2022, the Company announced that pursuant to the Company's Long-Term Incentive Plan, 1,400,000 restricted share units were granted to directors, officers, employees and consultants of the Company. The restricted share units were converted to common shares at a deemed value of \$119,000.

6. Supplemental cash flow information

- (a) The Company made no cash outlays in respect of interest or income taxes for the nine months ended September 30, 2022 and the year ended December 31, 2021.
- (b) As September 30, 2022 the Company had \$2,322 in accounts payable and accrued liabilities (December 31, 2021 - \$2,852), which were related to the exploration of the mineral properties.

7. Related party transactions

During the nine months ended September 30, 2022, the Company paid \$210,600 for management, general business and financial advisory services and salaries (nine months ended September 30, 2021 – \$209,600) to an officer of the Company and a company controlled by an officer of the Company.

There were share-based payments to related parties during the nine months ended September 30, 2022 of \$133,065 (nine months ended September 30, 2021 - \$nil).

8. Segmented Information

The Company operates in one reportable operating segment in one country, being the exploration of mineral resource properties in Canada.

9. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

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9. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its cash and cash equivalents and amounts receivable.

The carrying amounts of cash and cash equivalents, and amounts receivable represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company currently has adequate liquidity to fund its accounts payable and accrued liabilities.

Market risk

Market risk consists of foreign exchange risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its GICs, which are included in cash and cash equivalents. These GICs earn interest based on a prime-linked variable interest rate. At September 30, 2021 this rate was 3.2% per annum. The balances are held with a major financial institution and market risk is not considered significant.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has an exposure to US dollars ("USD") that are subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company does not hedge its foreign exchange risk.

Sensitivity to a plus or minus of 10% change in the foreign exchange rate of the US dollar to the Canadian dollar would affect the reported loss and comprehensive loss at September 30, 2022 by approximately \$3,100 (December 31, 2021 - \$220).

Valuation of financial instruments

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

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9. Financial risk management (continued)

- Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair values because of the short period to maturity of these instruments.

10. Capital management

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholders' equity comprising of share capital, share purchase warrants, contributed surplus and deficit. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment.

In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold excess cash in interest bearing bank accounts and money market funds. The Company is not subject to externally imposed capital requirements.

There have been no changes made to the capital management policy during the period.

11. Share Purchase Agreement

On October 9, 2019, the Company signed a Share Purchase Agreement to acquire from GCM Mining Corp. ("GCM") (now Aris Mining) all of the outstanding shares of Medoro Resources International Ltd. ("Medoro"). Pursuant to the agreement, Western Atlas will issue up to 59,115,555 common shares in the capital of the Company (the "Consideration Shares") to acquire all of the issued and outstanding shares in the capital of Medoro Resources International Ltd.

The Share Purchase Agreement provides that the Company will purchase all of the outstanding Medoro Shares for a purchase price of US\$20,000,000 to be satisfied by the issuances to GCM of the Consideration Shares. The Consideration Shares will be issued at a deemed price of \$0.45 per Common Share. Upon completion of the Transaction, 100% of the Medoro Shares will be held by Western Atlas.

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11. Share Purchase Agreement (continued)

Completion of the Transaction is subject to approval from the TSX Venture Exchange and certain other additional conditions precedent in the Share Purchase Agreement, including the occurrence of both of the following events (the “**Closing Triggers**”):

1. current government of Venezuela being replaced by an internationally recognized and democratically elected government; and
2. completion of the lawful transfer and registration of transfer to Medoro (or to one or more of Medoro’s Venezuelan subsidiaries) of the Incredible Project (as defined below) by Venezuelan authorities of competent jurisdiction.

While Medoro holds the mining rights to the Lo Incredible 4A and Lo Incredible 4B concessions (the “**Incredible Project**”), it is unable to use the rights due to actions by the Venezuelan government which will require Medoro to complete the process of restitution, which is the second of the two Closing Triggers described above. A working committee consisting of one representative from each of Western Atlas and GCM has been formed to manage the process of restitution to Medoro of the mineral rights to the Incredible Project. The Share Purchase Agreement provides that, at the direction of the Committee, GCM and Medoro will take all actions necessary for the restitution to Medoro of the Incredible Project, including, without limitation, hiring consultants, issuing of powers of attorney, and negotiating terms for the restitution of such rights.

The Closing Triggers must occur no later than the second anniversary of the date of the closing of the Private Placement (the “**Outside Date**”), being October 10, 2021. Should the Closing Triggers not occur by the Outside Date, the Share Purchase Agreement will be terminated.

On June 10, 2021, the Company announced that it had entered into an agreement with GCM to extend the outside date of the acquisition from October 9, 2021, to October 9, 2023.

On July 19, 2022, the Company entered into an agreement with GCM to extend the outside date of the acquisition from October 9, 2023, to October 9, 2025.