(Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Compan'ys capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available. There were no write-off of exploration and evaluation asset for the nine-month period ended September 30, 2021. No reversal of impairment losses has been recognized for the reporting periods.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

5. FIXED ASSETS

Fixes assets are held at cost less accumulated depreciation and accumulated impairment losses. Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs subsequently to add to or replace part thereof. Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. The periods applicable for Computer equipment is three years.

	Computer equipment $
Gross carrying amount	
Balance on January 1st, 2021	-
Additions	859
Balance on September 30, 2021	859
Accumulated amortization	
Balance on January 1st, 2021	-
Amortization	131
Balance on September 30, 2021	131
Carrying amount on September 30, 2021	728

(Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS	January 1, 2021	Additions	September 30, 2021
QUEBEC	$	$	**$**
K2	43 691	11 856	**55 547**
AU33	171 371	2 503	**173 874**
Clarkie	27 256	2 652	**29 908**
14 Karats	10 352	1 560	**11 912**
Others	3 934	156	**4 090**
	256 604	18 727	**275 331**

EXPLORATION	January 1, 2021	Additions	Tax credits	September 30, 2021
QUEBEC	$	$	$	**$**
K2	1 617 798	1 169 395	(475 191)	**2 312 002**
AU33	1 985 463	821	(334)	**1 985 950**
Clarkie	290 180	-	-	**290 180**
14 Karats	18 600	33 463	(13 598)	**38 465**
	3 912 041	1 203 679	(489 123)	**4 626 597**
TOTAL	4 168 645	1 222 406	(489 123)	**4 901 928**

During the nine-month period ending September 30, 2021, Sirios Resources Inc. abandoned the option on the Solo property (southeast section of the K2 property).

During the nine-month period ending September 30, 2021, the Company received an amount of $30,000 in connection with the option to acquire the 33Carats property. This amount was recognized as a gain on disposal of exploration and evaluation assets.

7. LOAN

The Company received a loan of $ 60,000 under the Canada Emergency Business Account program. If the Company repays an amount of $ 40,000 of the loan by December 31, 2022, no further amount will be repayable. Otherwise, the balance of the loan will bear interest at the rate of 5% and may be repayable in 36 monthly installments, principal and interest, on the maturity date on December 31, 2025. Since the government assistance of $ 20,000 is not payable if the Company reimburses the amount of $ 40,000 by December 31, 2022, this amount was recognized in the results for the year ending December 31, 2020, i.e. at the time of granting as assistance government.

8. EQUITY

8.1 Share capital

The share capital of the Company consists only of ordinary shares created in unlimited number, without par value. All shares are equally admissible to receive dividends and the repayment of capital, and represent one vote each at the sharaholders' meeting of the Company.

Following an agreement dated June 17, 2021, the Company issued on August 13, 2021 to Windfall Geotech Inc. ("Windfall") 750,000 common shares of the Company as well as 250,000 warrants allowing the acquisition of the same number of common shares of the Company at a price of $ 0.10 for a period of five years. In return, Windfall will provide the Company with the processing of a geophysical and geological database making it possible to determine drilling targets on the K2 property. Should the Company drill these drill targets within two years of the agreement, the Company will have to issue to Windfall 250,000 additional common shares of the Company.

8.2 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	Nine-month period ended September 30, 2021		Year ended December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, at beginning	9 090 000	0.20	5 252 224	0.11
Issued	250 000	0.10	9 090 000	0.20
Exercised	-		(5 252 224)	0.11
Balance, at the end	9 340 000	0.20	9 090 000	0.20

(Canadian dollars)

8. EQUITY (continued)

8.2 Warrants (continued)

The number of warrants outstanding exercisable in exchange for an equivalent number of ordinary shares is as follows:

	September 30, 2021	
Expiry date	Number of warrants	Exercise price $
September 10, 2023	9 090 000	0.20
August 12, 2026	250 000	0.10
	9 340 000	0.20

During the nine-month period ended September 30, 2021, 250,000 warrants were issued. Each warrant allows its holder to subscribe for one common share of the Company at a price of $0.10 per share for a period of five years. An amount of $20,000 related to warrants was recorded as an increase in contributed surplus.

9. EMPLOYEE REMUNERATION

9.1 Salaries and employee benefits expense

	Three-month period ended September 30		Nine-month period ended September 30	
	2021	2020	**2021**	2020
	$	$	**$**	$
Salaries and benefits	**55 525**	90 498	**201 020**	181 218
Share-based payments	**55 464**	28 999	**173 945**	36 959
	110 989	119 497	**374 965**	218 177
Less: salaries capitalized in Exploration and evaluation assets	**(53 883)**	(89 361)	**(196 148)**	(180 081)
Salaries and employee benefits expense	**57 106**	30 136	**178 817**	38 096

9.2 Share-based payments

The Company has adopted share-based payment plan under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan is 6,600,000. The maximum number of common shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the date of grant.

The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior the award, and the term of the options cannot exceed five years. The options granted vest in stages over a period of 18 months after the grant date, at the rate of 15% per quarter, at the exception of 10%, which may be exercised from the date of the grant. For the options granted to a consultant, it vests in stages over a period of 12 months after the grant, at the rate of 25 % per quarter.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options. The Company's share options are as follows for the reporting periods presented:

	Nine-month period ended September 30, 2021		Year ended December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding as at the beginning	4 755 000	0.11	2 740 000	0.10
Granted	1 150 000	0.10	2 985 000	0.11
Expired	(860 000)	0.10	-	-
Exercised	-	-	(970 000)	-
Outstanding as at the end	5 045 000	0.11	4 755 000	0.11
Exercisable as at the end	3 137 750	0.11	2 367 000	0.10

(Canadian dollars)

9. EMPLOYEE REMUNERATION (continued)

9.2 Share-based payments (continued)

The following table summarizes information about common share purchase options outstanding and exercisable as at September 30, 2021:

Number of options			
ourstanding	exercisable	exercise price	Expiry date
910 000	910 000	0.10	Feb. 19, 2023
995 000	845 750	0.10	May 26, 2025
1 990 000	1 094 500	0.12	Oct 22, 2025
1 150 000	287 500	0.10	June 6, 2026
5 045 000	3 137 750		

On June 7, 2021, the Company granted 1,150,000 options exercisable at $0.10 to officers, directors and employees of the Company under its incentive stock option plan. The options have a term of five years and can be exercised gradually over a period of eighteen months.

The weighted fair value of the granted options of $0.07 per option was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

Share price at date of grant	$0.10
Expected dividends yield	0%
Expected volatility	107%
Risk-free interest rate	0.88%
Expected life	5 years
Exercise price at date of grant	$0.10

In total, $173,945 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the nine-month period ended September 30, 2021 ($36,959 for the nine-month period ended September 30, 2020) and credited to Contributed surplus.

10. FINANCE INCOME

Finance income may be analyzed as follows for the reporting period	Three-month period ended September 30,		Nine-month period ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Interest income from cash and cash equivalents and term deposit	**966**	3 818	**6 462**	6 560

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 8.2 and 9.2.

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2021	2020	**2021**	2020
Net loss	**$(39,024)**	$(11,070)	**$(240,189)**	$(74,450)
Weighted average number of shares in circulation	**101 614 675**	94 159 675	**101 344 429**	85 447 275
Basic and diluted loss per share	**$(0.001)**	$(0.001)	**$(0.001)**	$(0.001)

There have been no other transactions involving ordinary shares between the reporting date and the date of authorization of these financial statements.

(Canadian dollars)

12. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
	$	$
Good and services tax receivable	**(22 927)**	35 072
Prepaid expenses and deposit	**(2 475)**	(2 758)
Advance to an employee	**-**	(2 000)
Trade and other payables	**25 893**	(19 021)
	491	11 293

Non-cash transactions of the statement of financial position are detailed as follows :

	2021	2020
	$	$
Tax credits receivable applied against exploration and evaluation assets	**489 123**	-
Trade and other payables related to exploration and evaluation assets	**605 579**	21 584
Exploration and evaluation assets settled by the issuance of shares and warrants	**95 000**	-

13. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors, as well as the president, the chief financial officer and the vice-president, exploration. Key management personnel remuneration includes the following expenses:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2021	2020	**2021**	2020
Short-term employee benefits	**$**	$	**$**	$
Salaries including bonuses and benefits	**50 000**	63 750	**150 000**	126 250
Professional fees	**4 650**	6 600	**24 953**	21 750
Social security costs	**2 541**	5 071	**12 229**	11 047
Total short-term employee benefits	**57 191**	75 421	**187 182**	159 047
Share-based payments	**52 716**	27 833	**165 639**	51 846
	109 907	103 254	**352 821**	210 893

14. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to the shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work. See all the details in Note 8 and the Statements of Changes in Equity.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

15. CONTINGENCIES AND COMMITMENTS

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

During the year ended Decembre 31, 2020, the Company received $1,060,000 following flow-through placements for which the Company renounced tax deductions on December 31, 2020. The management is required to dedicate these funds to the exploration of canadian mining properties exploration in the period of one year from the date of renouncement. The balance of the amount of these unexpended flow-through financings at December 31, 2020 was $63,073 and and was spent during the quarter ended March 31, 2021.