CONDOR RESOURCES INC.

Condensed Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Six Months Ended August 31, 2022 and 2021
(Unaudited – prepared by Management)

CONDOR RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

These accompanying unaudited condensed consolidated interim financial statements of Condor Resources Inc. have been prepared by and are the responsibility of the Company’s management.

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

Vancouver, Canada

October 28, 2022

CONDOR RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited, prepared by management and expressed in Canadian Dollars)

		As at August 31, 2022		As at February 28, 2022
ASSETS				
Current				
Cash and cash equivalents	$	987,933	$	269,815
Prepaid expenses		6,178		10,102
Accounts receivable		1,400		1,600
Marketable securities (Note 5)		204,621		90,000
Other receivable (Note 8)		382,358		445,339
Total Current Assets		1,582,490		816,856
Non-Current Assets				
Equipment (Note 6)		28,388		32,687
Exploration and evaluation assets (Note 7)		3,332,532		2,946,203
Other receivable (Note 8)		2,751,274		2,538,634
Total Non-Current Assets		6,112,194		5,517,524
TOTAL ASSETS	$	7,694,684	$	6,334,380
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 9)	$	80,654	$	101,869
Non-Current Liabilities				
Loan (Note 10)		40,000		40,000
TOTAL LIABILITIES		120,654		141,869
SHAREHOLDERS' EQUITY				
Share capital (Note 11)		22,374,913		22,374,913
Contributed surplus (Note 11)		3,602,314		3,587,314
Deficit		(18,403,197)		(19,769,716)
TOTAL SHAREHOLDERS' EQUITY		7,574,030		6,192,511
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	7,694,684	$	6,334,380

Nature of operations (Note 1)

Approved on behalf of the Board:

"Robert Boyd" Director

"Lyle Davis" Director

See accompanying notes to consolidated financial statements.

CONDOR RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited, prepared by management and expressed in Canadian Dollars)

	For the Three Months Ended August 31, 2022	For the Three Months Ended August 31, 2021	For the Six Months Ended August 31, 2022	For the Six Months Ended August 31, 2021
Administrative expenses				
Foreign exchange (gain) loss	$ (16,913)	$ 170	$ (14,962)	$ 7,158
Insurance	3,718	3,113	7,436	6,226
Investor relations	550	249	1,160	249
Management fees and consulting fees	42,591	40,787	84,818	82,752
Office and miscellaneous	938	4,435	3,968	8,740
Professional fees	1,000	17,551	4,444	20,222
Project generation	40,117	10,683	54,814	20,325
Regulatory fees	4,513	7,022	5,544	8,718
Stock-based compensation	7,500	1,139	15,000	17,856
Travel and entertainment	3,096	-	3,096	-
	(87,110)	(85,149)	(165,318)	(172,246)
Other items				
Interest income	-	111	-	530
Other income (Note 7(p))	1,137,659	136,092	1,335,575	136,092
Revaluation of other receivable (Note 8)	177,600	183,760	247,159	121,283
Unrealized gain (loss) on marketable securities (Note 5)	(18,896)	(22,000)	(50,897)	(100,000)
	1,296,363	297,963	1,531,837	157,905
Net Income (Loss) and Comprehensive Income (Loss) for the Period	$ 1,209,253	$ 212,814	$ 1,366,519	$ (14,341)
Basic And Diluted Income (Loss) Per Share Outstanding	$ 0.01	$ 0.00	$ 0.01	$ (0.00)
Weighted Average Number Of Shares Outstanding	126,882,308	125,339,917	126,882,308	125,196,819

See accompanying notes to consolidated financial statements.

CONDOR RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited, prepared by management and expressed in Canadian Dollars

	For the Six Months Ended August 31,	
	2022	**2021**
Cash and cash equivalents provided by (used in):		
Operating Activities		
Net income (loss) for the period	$ 1,366,519	$ (14,341)
Items not affecting cash:		
Stock-based compensation	15,000	17,856
Unrealized loss on marketable securities	50,897	100,000
Revaluation of other receivable	(247,159)	(121,283)
Recoveries included in income and reclassified to investing activities	(1,335,575)	(136,092)
Changes in non-cash operating working capital items:		
(Increase) decrease in prepaid expenses	3,924	4,282
(increase) decrease in accounts receivable	200	536
Increase (decrease) in accounts payable and accrued liabilities	(21,688)	(29,455)
	(167,882)	(178,497)
Investing Activities		
Exploration and evaluation expenditures	(497,006)	(407,965)
Expenditure recoveries/option proceeds	1,285,506	248,940
Proceeds from sale of Peruvian subsidiary	97,500	-
	886,000	(159,025)
Financing Activities		
Share capital issued	-	71,000
	-	71,000
Increase (decrease) in cash and cash equivalents during the period	718,118	(266,522)
Cash and cash equivalents - beginning of period	269,815	555,341
Cash and cash equivalents - end of period	$ 987,933	$ 288,819

See accompanying notes to consolidated financial statements.

CONDOR RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited, prepared by management and expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, February 28, 2021	125,022,308	$ 22,062,419	$ 3,703,452	$ (19,889,244)	$ 5,876,627
Warrants exercised	100,000	11,500	-	-	11,500
Options exercised	760,000	59,500	-	-	59,500
Fair value of options exercised	-	53,003	(53,003)	-	-
Stock-based compensation	-	-	17,856	-	17,856
Net loss and comprehensive loss for the period	-	-	-	(14,341)	(14,341)
Balance, August 31, 2021	125,882,308	22,186,422	3,668,305	(19,903,585)	5,951,142
Options exercised	1,000,000	100,000	-	-	100,000
Fair value of options exercised	-	88,491	(88,491)	-	-
Stock-based compensation	-	-	7,500	-	7,500
Net income and comprehensive income for the period	-	-	-	133,869	133,869
Balance, February 28, 2022	126,882,308	22,374,913	3,587,314	(19,769,716)	6,192,511
Stock-based compensation	-	-	15,000	-	15,000
Net income and comprehensive income for the period	-	-	-	1,366,519	1,366,519
Balance, August 31, 2022	126,882,308	$ 22,374,913	$ 3,602,314	$ (18,403,197)	$ 7,574,030

See accompanying notes to consolidated financial statements.

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Condor Resources Inc. (the "Company") was incorporated in British Columbia on November 26, 2003. The company's primary business is the acquisition and exploration of mineral properties and is considered to be an exploration stage company.

The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol CN-V, as a Tier 2 mining issuer.

The address of the Company's corporate office and principal place of business is Suite 615 - 800 West Pender Street, Vancouver, British Columbia, V6C 2V6.

The Company is currently engaged in the exploration and development of mineral properties in Peru and has not yet determined whether its properties contain ore reserves that are economically recoverable and, to date, the Company has not generated any revenue from operations. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business. The Company has no current or anticipated source of operating revenue, has incurred losses since inception, and its long-term viability remains entirely dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable to it. Although such financing has been available to the Company in the past, there can be no guarantee that it will continue to be so in the future.

2. BASIS OF PRESENTATION AND MEASUREMENT

(a) Statement of Compliance

These condensed consolidated interim financial statements of the Company for the six months ended August 31, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Accordingly, these condensed consolidated interim financial statements follow the same accounting principles and methods of application as the annual consolidated financial statements for the year ended February 28, 2022 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the annual consolidated financial statements for the year ended February 28, 2022. Results for the period ended August 31, 2022, are not necessarily indicative of future results.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 28, 2022.

2. BASIS OF PRESENTATION AND MEASUREMENT (continued)

(b) Financial Statement Presentation

These financial statements include the accounts of the Company, its 100% owned Peruvian subsidiaries, Condor Exploration Peru S.A.C. and Minas Qolque S.A.C., and its 85%-owned Peruvian subsidiary, Ferroaluminios Peru No.4 S.A.C. The Company also holds a 34% interest in Minera El Dorado Ocros S.A.C. (see Note 7(b)), which is accounted for under the equity method. All significant inter-company transactions and balances have been eliminated on consolidation. All amounts are stated in Canadian dollars unless otherwise indicated.

Name of Subsidiary	Place of Operation	Ownership Interest	Principal Activity
Condor Exploration Peru S.A.C.	Peru	100%	Carries out business for Peruvian properties
Ferroaluminios Peru No.4 S.A.C.	Peru	85%	Carries out business for Peruvian properties
Minera El Dorado Ocros S.A.C.	Peru	34%	Carries out business for a Peruvian property
Minas Qolque S.A.C.	Peru	100%	Carries out business for a Peruvian property

On December 21, 2020, the Company entered into an agreement to sell its formerly 100% owned Peruvian subsidiary, Minas Lucero Del Sur S.A.C. ("MLDS") See Note 7(h). The accounts of this subsidiary were consolidated up to the date of disposition.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Exploration and evaluation assets

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable.

The Company capitalizes mineral property expenditures applicable to property interests for which it has an exploration license as deferred mineral property costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Exploration and evaluation assets (cont'd…)

The costs of acquiring mineral properties and exploration expenditures are deferred until such time as the mineral properties are placed into production or the prospect is determined by management to be impaired, or is abandoned. Upon production, the deferred costs are amortized on a unit-of-production basis while in circumstances of impairment or abandonment the costs are written off.

Any option or royalty payments received by the Company from third parties are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received.

Title to mineral properties involves certain inherent risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and to the best of the Company's knowledge, titles to all of its properties are in good standing.

(b) Stock-based compensation

The Company accounts for stock-based compensation using the fair value-based method with respect to all stock-based payments to directors, employees and non-employees. Under the fair value-based method, stock-based compensation is measured at fair value and recognized in operations over the vesting period. Fair value is determined using the Black-Scholes option pricing model. Any consideration paid on exercise of stock options together with the related fair value previously recognized in contributed surplus is credited to share capital.

(c) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital at the amount for which the stock option and warrant enabled the holder to purchase shares of the Company. Share capital issued for non-monetary consideration is recorded at fair value based on the quoted market price on the date of issuance. Share issue costs, which include commissions and professional and regulatory fees are charged directly to share capital.

(d) Foreign currency translation

The functional and reporting currency of the Company, inclusive of the accounts of each of its consolidated subsidiaries, is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date. Foreign exchange gains and losses are included in operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax is not recognized for temporary differences which arise on 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. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. 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.

(f) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are recorded at fair value and are subsequently classified and measured at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”).

The Company’s financial instruments are classified and subsequently measured as follows:

Financials Assets	**Classification**
Cash and cash equivalents	Amortized cost
Accounts receivables (excluding sales tax receivable)	Amortized cost
Marketable securities	FVTPL
Other receivable	FVTPL
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Loan	Amortized cost

The classification of financial assets is based on how the entity manages its financial instruments and the contractual cash flow characteristics of each financial asset. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of income (loss).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income (Loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted income (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

(h) Impairment

At each reporting period, management reviews mineral properties for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell 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. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

(i) Cash and cash equivalents

Cash and cash equivalents include all cash accounts, which are not subject to withdrawal restrictions or penalties.

(j) Equipment

Equipment is recorded at cost. Amortization is recorded on a declining balance basis over the estimated useful lives of the related assets at the following annual rates:

Office furniture and equipment	20%
Computer equipment	50%
Motor vehicles	20%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) New accounting standards and interpretations issued but not yet effective:

The Company has reviewed any new and revised accounting pronouncements that are issued and effective as of March 1, 2021 and has determined that these new and revised standards did not have a material impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Financial statement items that are subject to significant estimation uncertainty include the valuation of stock-based compensation and the carrying value of exploration and evaluation assets.

In addition, as disclosed in Note 8, the Company's carrying amount for the other receivable is derived based on variables which involve significant uncertainty and estimation, including inputs used in the determination of the current value of the receivable and the effect of changes in foreign exchange rates.

The judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

i) Critical judgment is applied for the determination of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the Company and its subsidiaries, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

ii) The Company has selected a policy of capitalizing exploration and evaluation expenditures that it has an exploration license in as exploration and evaluation assets. Acquisition and exploration costs incurred in respect to a particular property interest before the formal exploration licenses are acquired, but where such subsequent acquisition can be reasonably assured, are also capitalized as exploration and evaluation assets. At each period end, management applies its judgment in determining whether facts and circumstances suggest that the carrying amount of the asset exceeds it recoverable amount, and if so, the carrying value of the asset is tested for impairment.

iii) Critical judgment and estimates are applied for the determination that the Company will continue as a going concern for the next year.

(Unaudited, prepared by management and expressed in Canadian dollars)

5. MARKETABLE SECURITIES

Marketable securities consist of 1,779,310 common shares of Chakana Copper Corp. ("Chakana") that were received during fiscal 2019, 2020 and 2023 as described at Note 7(f), and are stated at their August 31, 2022 fair market value of $204,621. During the six months ended August 31, 2022 and the year ended February 28, 2022, the Company did not sell any common shares of Chakana.

6. EQUIPMENT

	Computer equipment	Motor vehicle	Office furniture and equipment	Total
COST				
Balance, February 28, 2021	$ 18,283	$ 38,378	$ 10,433	$ 67,094
Additions	-	-	-	-
Balance, February 28, 2022	$ 18,283	$ 38,378	$ 10,433	$ 67,094
Additions	-	-	-	-
Balance, August 31, 2022	$ 18,283	$ 38,378	$ 10,433	$ 67,094
AMORTIZATION				
Balance, February 28, 2021	$ 18,060	$ 1,280	$ 5,692	$ 25,032
Amortization	223	7,280	1,872	9,375
Balance, February 28, 2022	$ 18,283	$ 8,560	$ 7,564	$ 34,407
Amortization	-	3,665	634	4,299
Balance, August 31, 2022	$ 18,283	$ 12,225	$ 8,198	$ 38,706
CARRYING AMOUNTS				
As at February 28, 2022	$ -	$ 29,818	$ 2,869	$ 32,687
As at August 31, 2022	$ -	$ 26,153	$ 2,235	$ 28,388

(Unaudited, prepared by management and expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

The following schedules of mineral property costs set forth the expenditures incurred on these properties as at August 31, 2022 and February 28, 2022.

Summary of Exploration and Evaluation Expenditures

	As at August 31, 2022	As at February 28, 2022
Acquisition costs	$ 62,509	$ 62,509
Deferred exploration costs	2,775,311	2,413,912
	2,837,820	2,476,421
IGV taxes	494,712	469,782
Total	$ 3,332,532	$ 2,946,203

As their recoverability from government authorities is uncertain, IGV input credits are capitalized and included within the carrying value of the related property interests. Any amounts ultimately recovered will therefore be offset against the related deferred costs or included in income if such costs have been expensed.

IGV is a form of value-added tax levied on expenditures incurred in Peru.

(Unaudited, prepared by management and expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Schedule of Exploration and Evaluation assets – Peru
For the Six Months Ended August 31, 2022

	Pucamayo	Ocros	Chavin	Quriurqu	San Martin	Soledad	Humaya	Huinac Punta	Andrea	Quilisane	Cobreorco	Cantagallo	Rio Bravo	Total
Acquisition costs														
Balance, as at March 1, 2022	$ 62,509	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 62,509
Additions during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance, as at August 31, 2022	62,509	-	-	-	-	-	-	-	-	-	-	-	-	62,509
Exploration and evaluation expenditures														
Balance, as at March 1, 2022	1,072,694	-	209,319	139,526	313,528	-	13,188	366,606	67,149	28,946	200,607	2,349	-	2,413,912
Additions during the period														
Property tenure	34,805	-	4,302	4,287	2,307	-	2,707	7,811	8,508	1,547	13,260	773	3,867	84,174
Community relations	28,562	-	-	-	-	-	-	-	-	-	-	-	-	28,562
Office and technical support	124,872	10,475	8,487	4,697	7,896	115,449	-	48,257	4,105	-	39,874	-	-	364,112
	188,239	10,475	12,789	8,984	10,203	115,449	2,707	56,068	12,613	1,547	53,134	773	3,867	476,848
Balance, as at August 31, 2022	1,260,933	10,475	222,108	148,510	323,731	115,449	15,895	422,674	79,762	30,493	253,741	3,122	3,867	2,890,760
Proceeds of option payments	-	-	-	-	-	(115,449)	-	-	-	-	-	-	-	(115,449)
Overall balances, as at August 31, 2022	$ 1,323,442	$ 10,475	$ 222,108	$ 148,510	$ 323,731	$ -	$ 15,895	$ 422,674	$ 79,762	$ 30,493	$ 253,741	$ 3,122	$ 3,867	$2,837,820

Costs are exclusive of IGV taxes incurred

(Unaudited, prepared by management and expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Schedule of Exploration and Evaluation assets – Peru
For the Year Ended February 28, 2022

	Pucamayo	Ocros	Chavin	Quriurqu	San Martin	Soledad	Humaya	Huinac Punta	Andrea	Quilisane	Cobreorco	Cantagallo	Total
Acquisition costs													
Balance, as at March 1, 2021	$ 62,509	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 62,509
Additions during the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance, as at February 28, 2022	62,509	-	-	-	-	-	-	-	-	-	-	-	62,509
Exploration and evaluation expenditures													
Balance, as at March 1, 2021	874,998	24,280	179,194	127,655	298,911	-	8,498	282,957	49,252	19,396	93,665	1,597	1,960,403
Additions during the period													
Property tenure	42,470	-	14,603	4,166	2,243	-	4,524	3,832	9,772	6,905	28,041	752	117,308
Community relations	39,402	-	-	-	-	-	-	-	-	-	-	-	39,402
Geochemistry	-	-	-	-	-	-	-	-	-	1,066	-	-	1,066
Office and technical support	115,824	32,110	15,522	7,705	12,374	225,173	166	79,817	8,125	1,579	78,901	-	577,296
	197,696	32,110	30,125	11,871	14,617	225,173	4,690	83,649	17,897	9,550	106,942	752	735,072
Balance, as at February 28, 2022	1,072,694	56,390	209,319	139,526	313,528	225,173	13,188	366,606	67,149	28,946	200,607	2,349	2,695,475
Proceeds of option payments	-	(56,390)	-	-	-	(225,173)	-	-	-	-	-	-	(281,563)
Overall balances, as at February 28, 2022	$ 1,135,203	$ -	$ 209,319	$ 139,526	$ 313,528	$ -	$ 13,188	$ 366,606	$ 67,149	$ 28,946	$ 200,607	$ 2,349	$ 2,476,421

Costs are exclusive of IGV taxes incurred

7. EXPLORATION AND EVALUATION ASSETS (continued)

PERU

(a) Ocros and Pucamayo – Combined Amended Agreement: Option to acquire an 85% interest

On February 16, 2009 the Company replaced and superseded its original agreements dated August 21, 2007 on the Ocros, Pucamayo and Condor de Oro prospects.

Pursuant to the February 16, 2009 Amended Peruvian Property Agreement ("Amended Agreement"), the Company paid USD $400,000 and issued 2,000,000 common shares at a value of $670,000 to acquire an 85% working interest in each of the Ocros, Pucamayo and Condor de Oro prospects from the property vendor. On the execution and delivery of the agreement, $95,000 in advances to the property vendor for title perfection for the prospects was forgiven and recorded as acquisition costs. The Company forfeited its interest and allowed the title to lapse in all the original Pucamayo concessions, except Pucamayo 14, prior to March 1, 2016. The Company also forfeited its interest and allowed the title to lapse in the Condor de Oro property in June 2016.

The vendor, a private company controlled by a senior officer of the Company retained a royalty of one per cent (1%) of the "net smelter return" ("NSR") derived from each of the Ocros concessions and the Pucamayo 14 concession (the "Properties"). The Company shall have the exclusive right to purchase the royalty on one or more of the Properties at any time on payment to the vendor of the sum of USD $2,000,000 per property.

The vendor will receive an additional 1,000,000 common shares in the capital of the Company on the completion and publication of a positive feasibility study on any or all of the Properties which indicates that commercial production for the applicable property is feasible.

In this agreement "Feasibility Study" shall have the meaning set out in NI 43-101, or such successor policy as may be adopted from time to time by the Canadian Securities Administrators.

Following the closing, the holder of the 15% interest in each of the Properties, a party related to a senior officer of the Company, became a carried and non-contributing interest. The Company will fund all of the vendor's costs to the commencement of commercial production, such costs to be repaid to the Company, with interest at the Canadian prime rate plus 2%, from 100% of the vendor's production revenues.

In February 2017, the Company assigned the royalty buyback rights on the Ocros concessions and Pucamayo 14 concession to Sandstorm Gold Ltd. ("Sandstorm") for consideration of $100,000.

7. EXPLORATION AND EVALUATION ASSETS (continued)

(b) Ocros, Ocros Province – option granted

In May 2017, a Comprehensive Agreement (the "Ocros Agreement)" was signed with Compañia Minera Virgen de la Merced S.A.C. ("Merced") with respect to the Ocros project. Under the Ocros Agreement, Merced had two exclusive options to earn up to a 70% interest in the Ocros concessions over a period of four years.

During the year ended February 28, 2021, Merced completed the first option and earned a 51% interest in the property by having made the following cash payments to the Company and having completed exploration work as follows:

i. US $75,000 upon signing the Ocros Agreement (received);
ii. complete 2,000 metres of diamond drilling on or before May 16, 2018 (the first anniversary of the effective date of the agreement (May 16, 2017)) (completed);
iii. US $75,000 on or before May 16, 2018 (received);
iv. US $75,000 on or before May 16, 2019 (received);
v. complete a cumulative total of 4,000 metres of diamond drilling on the Ocros Property on or before May 16, 2019 (completed);
vi. US $25,000 on or before May 16, 2020, or two months after the date on which an aggregate of 6,000 metres of diamond drilling has been conducted, whichever comes first (received); and
vii. complete a cumulative total of 6,000 metres of diamond drilling on or before May 16, 2020 (completed).

Merced did not complete the second option to earn an additional 19% interest, thereby resulting in Merced maintaining a 51% interest in the property.

In October 2021, the Company, Merced and a third party entered into a share option agreement whereby the parties agreed to transfer their respective ownership interests in the Ocros project into a new entity, Minera El Dorado Ocros S.A.C. ("MDO"), and to convert their ownership interest in the project into shares of MDO. At the date of the agreement, the Company, Merced and the third party respectively owned 34%, 51% and 15% of issued share capital of MDO.

Per the terms of the share option agreement, Merced has the option to acquire the Company's 34% interest in MDO by making cash payments to the Company in the aggregate of US $1,000,000, with the first payment of US $100,000 due on signing (received), and further payments of US $100,000 due every three months thereafter. Merced has not made the payments that were due in January, April and July 2022. Discussions are ongoing between the Company and Merced, and Merced has advised they intend to continue with the payments and the purchase of the Company's 34% ownership of MDO.

7. EXPLORATION AND EVALUATION ASSETS (continued)

(c) Pucamayo, Chinca, Yauyos, and Castrovirreyna Provinces

Subsequent to the February 16, 2009 agreement, the Company dropped all but the Pucamayo 14 concession, and acquired by staking one concession to the east and 2 concessions to the south of Pucamayo 14. These added concessions were not subject to the provisions of the February 16, 2009 agreement and thus owned 100% by the Company. As at March 1, 2016 the project consisted of 19 sq. km., with the Company holding an 85% interest in 6 sq. km. (Pucamayo 14), and a 100% interest in 13 sq. km. of staked concessions. During the fiscal year ended February 28, 2017, the Company acquired unencumbered title to a 100% interest in 94 sq. km. of mineral concessions, and in May 2018 acquired another 2 sq. km. concession by staking. In June 2019, the Company relinquished two concessions, and the total area of the Pucamayo concessions is now 109 sq km. In February 2017, the Company sold a 0.5% NSR royalty on all the Pucamayo concessions except for Pucamayo 14, to Sandstorm for $50,000.

(d) Chavin, Santa Province

During the year ended February 28, 2010, the Company acquired two concessions by staking in the Province of Santa, referred to as the Chavin project. During the year ended February 28, 2011, a third concession was acquired by staking.

In November 2015, the Company concluded a production royalty agreement with Compañia Minera Casapalca S.A. ("Casapalca") on the Chavin project. In February 2017, the Company sold a 50% interest in its annual production royalty at Chavin to Sandstorm for $50,000. In November 2018, Casapalca terminated the production royalty agreement and returned the original three concessions as well as five adjoining concessions to the Company, bringing the total project area to approximately 42 sq km. On termination of the Casapalca production royalty agreement, Sandstorm's interest at Chavin converted to a 0.5% NSR.

(e) San Martin, Castilla Province

During the year ended February 28, 2010, the Company acquired, by staking, one concession in the Province of Castilla for a nominal amount. In 2015, a second contiguous concession was acquired by staking for a nominal amount.

The Company continues to maintain its title and intends to either complete future exploration work or option this property. In February 2017, the Company sold a 0.5% NSR on the San Martin project to Sandstorm for $50,000.

7. EXPLORATION AND EVALUATION ASSETS (continued)

(f) Soledad, Aija Province

In late 2011, the Company acquired, by sealed bid auction, a 100% interest in one concession in north-central Peru. A second and third concession were acquired by staking in 2015 and 2017.

In April 2017, a Comprehensive Agreement (the “Agreement”) was signed with Chakana Resources S.A.C. (“Chakana”) with respect to the Soledad project. Pursuant to the Agreement, Chakana has the option to earn a 100% interest in Soledad, over a period of 4.5 years, subject to a 2% NSR in favour of the Company. To earn the 100% interest, Chakana is required to:

a. complete the following drilling:

i. complete a minimum of 3,000m of drilling (or work equivalent) by December 23, 2018 (complete);
ii. complete a cumulative total of 5,500m of drilling (or work equivalent) by December 23, 2019 (complete);
iii. complete a cumulative total of 8,500m of drilling (or work equivalent) by December 23, 2020 (complete);
iv. complete a cumulative total of 12,500m of drilling (or work equivalent) by December 23, 2021 (complete).

b. make the following cash payments:

i. US $10,000 upon signing the MOU (received);
ii. US $15,000 upon signing the Agreement (received);
iii. US $25,000 by December 23, 2017 (received);
iv. US $50,000 by June 23, 2018 (received);
v. US $50,000 by December 23, 2018 (received);
vi. US $75,000 by June 23, 2019 (received);
vii. US $75,000 by December 23, 2019 (received);
viii. US $100,000 by June 23, 2020 (received);
ix. US $150,000 by December 23, 2020 (received);
x. US $200,000 by June 23, 2021 (received);
xi. US $200,000 by December 23, 2021 (received);
xii. US $4,425,000 by April 23, 2022.

c. issue 500,000 Chakana Resources Corp. shares to Condor by June 23, 2018, provided Chakana has not terminated the Agreement (received).

In April 2022, the Company entered into an addendum to the Agreement with Chakana with respect to the April 23, 2022 scheduled payment of US $4,425,000. Pursuant to the addendum, the due date of this payment was extended to June 23, 2022. On signing the addendum, Chakana paid US $200,000 towards the final payment.

7. EXPLORATION AND EVALUATION ASSETS (continued)

(f) Soledad, Aija Province *(continued)*

In June 2022, the Company and Chakana entered into an amended option agreement (the "Amended Agreement") whereby they amended the payment terms of the US $4,225,000 due on June 23, 2022. Per the terms of the Amended Agreement, Chakana must:

i. pay US $800,000 (received) and issue $200,000 worth of Chakana common shares (received 1,379,310 common shares) by June 23, 2022;
ii. pay US $1,000,000 and issue $200,000 worth of Chakana common shares by June 23, 2023;
iii. pay US $1,000,000 and issue $200,000 worth of Chakana common shares by June 23, 2024; and
iv. pay US $1,425,000 and issue $400,000 worth of Chakan common shares by June 23, 2025.

The number of Chakana shares to be issued per the Amended Agreement will be based on the greater value of (i) the ten (10) day volume-weighted average trading price on the TSX-V of the Chakana common shares at the date of issuance of the Chakana common shares, or (ii) the price per share of $0.145.

In April 2019, the NSR was amended, whereby Condor received 900,000 Chakana shares and US $275,000 cash in consideration for reducing the royalty it would retain on exercise of the purchase option from a 2% NSR to a 1% NSR. Chakana will have the right to buy down Condor's remaining 1% NSR to a 0.5% NSR by further payment of US $1,000,000. Pre-production NSR payments scheduled to commence in 2022 have also been eliminated.

In the event Chakana does not exercise their option to acquire the Soledad concessions, Chakana will retain a 1% NSR royalty on the concessions, which Condor will have the option to reduce to a 0.5% NSR by payment of US $1,000,000.

(g) Quriurqu; Aija and Huarmey Provinces

In February 2012, the Company acquired, by staking, one concession located both in the Provinces of Aija and Huarmey for a nominal amount. In January 2016, the Company petitioned for 6 sq. km. contiguous and to the south of Quriurqu, and secured this area at a sealed bid auction conducted by the Ministry of Energy & Mines in September bringing the total to 8.5 sq. km.

The Company continues to maintain its title and intends to complete future exploration work or option this property. In February 2017, the Company sold a 0.5% NSR on the Quriurqu project to Sandstorm for $50,000.

7. EXPLORATION AND EVALUATION ASSETS (continued)

(h) Lucero, Castilla Province

The Company previously acquired, by staking, three concessions totaling 21 sq. km.

In November 2015, the Company concluded a production royalty agreement with Compañia Minera Casapalca S.A. ("Casapalca") on the Lucero project. In February 2017, the Company sold 50% of Condor's production royalties to Sandstorm for $50,000. In November 2019, Casapalca provided notice of termination of the production royalty agreement. On termination of the Casapalca production royalty agreement, Sandstorm's interest at Lucero converted to a 0.5% NSR.

In December 2020, the Company entered into an agreement with Calipuy Resources Inc. ("Calipuy"), a BC private company, whereby Calipuy purchased Condor's wholly-owned Peruvian subsidiary, MLDS. The principal asset of MLDS is the Lucero project.

Total consideration paid by Calipuy will be US$3.5 million, payable over six years as follows:

i. US $90,000 on the December 21, 2020 (received);
ii. US $75,000 on or before June 21, 2022 (received);
iii. US $300,000 on or before December 21, 2022;
iv. US $500,000 on or before December 21, 2023;
v. US $1,000,000 on or before December 21, 2024; and
vi. US 1,535,000 on or before December 21, 2026.

Calipuy has the option to accelerate the payment schedule to three years, and in such event, the total consideration will be US$3.0 million, with the final payment being reduced to US $1,035,000.

If the price of gold averages not less than US$2,500/ounce over the 30-day period preceding the final payment date, the total consideration will increase to US$4.0 million, with the final payment being US$ 2,035,000.

If the price of gold averages not less than US$3,000/ounce over the 30-day period preceding the final payment date, the total consideration will increase to US$6.0 million, with the final payment being US$ 4,035,000.

During the term of the agreement, Condor has the right to participate in future Calipuy financings at a 20% discount to the financing price by converting part or all of any outstanding payments due from Calipuy to the purchase of common shares of Calipuy. Condor's right to participate in a Calipuy financing is limited to 50% of the financing.

Sandstorm, Condor, Calipuy and MLDS have executed an NSR assignment agreement with respect to Sandstorm's NSR, with Calipuy assuming the NSR obligations to Sandstorm.

(Unaudited, prepared by management and expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

(h) Lucero, Castilla Province *(continued)*

The Company recognized a gain on the sale of MLDS in the amount of $2,756,775. This amount is comprised of the following:

Present value of the total consideration received/receivable	$	2,810,029
Net assets of MLDS on the date of disposition		(53,254)
Gain on sale of MLDS	$	2,756,775

Refer also to Note 8.

(i) Humaya, Ayacucho Department

The Company previously acquired by staking one concession of 7 sq. km. In February 2017, the Company sold a 0.5% NSR on the Humaya project to Sandstorm for $50,000.

(j) Quilisane, Puno Department

The Company originally acquired by staking, and sealed bid auctions, two concessions comprising a total area of 18.4 sq. km. In February 2017, the Company sold a 0.5% NSR on the Quilisane project to Sandstorm for $50,000. In 2019, the Company reduced its holdings to 4 sq. km.

(k) Huiñac Punta, Huanuco Department

The Company acquired by staking one concession in 2016. In February 2017, the Company sold a 0.5% NSR on the Huiñac Punta project to Sandstorm for $50,000. Two additional concessions were acquired in November 2017, for a total project area of approximately 20 sq. km. These additional concessions are also subject to the Sandstorm 0.5% NSR.

(l) Andrea, Ayacucho Department

The Company acquired a 100% interest in the 22 sq. km Andrea project by staking and by sealed bid auction conducted by the Peruvian Ministry of Energy and Mines. All costs incurred prior to the Company being granted title to Andrea were charged to project generation.

(m) Cobreorco, Apurimac Department

The Company acquired a 100% interest in approximately 37 sq. km by staking, and by sealed bid auction conducted by the Peruvian Ministry of Energy and Mines.

(n) Cantagallo, Lima Department

The Company acquired one concession totaling 2 sq. km by staking in 2019.

(Unaudited, prepared by management and expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

(o) Rio Bravo, Lima Department

The Rio Bravo project consists of two concessions, acquired by staking and sealed bid auction in late 2021, and early 2022, with a total area of 20 sq km.

(p) Other Income

Other income consists of proceeds from the sale of royalties or from the receipt of property option payments or sales proceeds on certain properties in excess of costs previously incurred and deferred by the Company in respect of those interests.

8. OTHER RECEIVABLE

Under the terms of the agreement with Calipuy (see Note 7(h)), the Company is owed US$3.41 million over the period between February 28, 2021 and December 21, 2026. The total consideration receivable is variable dependent upon certain factors, those being the payment terms met by Calipuy and the future price of gold.

On the date of the agreement, the Company assessed the likelihood of receiving each consideration amount, assigning a 50% probability to receiving US$3 million, a 50% probability to receiving US$3.5 million, and a 0% probability to receiving US$4 million or US$6 million. The result was that the estimated total consideration to be received by the Company would be US$3.25 million (Canadian dollar equivalent of $4,060,284). The Company recorded this amount at its present value of $2,694,387, using a discount rate of 10%.

The carrying value of the other receivable as at August 31, 2022 consists of the following:

Balance, February 28, 2021		2,705,154
Accretion		267,713
Foreign exchange gain		11,106
Balance, February 28, 2022	$	2,983,973
Payment received		(97,500)
Accretion		146,996
Foreign exchange gain		100,163
Balance, August 31, 2022	$	3,133,632

The other receivable has been recorded as a financial asset at its fair value, reduced by the actual payments received ($213,142 received to date) and subject to revaluation on an ongoing basis.

Amounts outstanding are classified as current in respect to the values applicable to the period ending one year from the balance sheet date; all residual balances are classified as non-current. At August 31, 2022 and February 28, 2022, the current and non-current amounts receivable are as follows:

	August 31, 2022		February 28, 2022	
Current portion	$	382,358	$	445,339
Non-current portion		2,751,274		2,538,634
Balance	$	3,133,632	$	2,983,973

(Unaudited, prepared by management and expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

The following amounts are due to related parties and are included in trade payables and accrued liabilities:

	August 31, 2022	February 28, 2022
Directors or officers of the Company	$ 38,430	$ 44,000

The Company incurred the following transactions with directors and companies controlled by directors of the Company:

	For the six months ended August 31, 2022	2021
Professional fees	$ 36,244	$ 31,422

Key management personnel compensation

	For the six months ended August 31, 2022	2021
Management fees	$ 80,368	$ 79,366
Management fees capitalized to mineral properties	35,846	34,788
Management stock-based compensation	15,000	17,856
	$ 131,214	$ 132,010

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

10. LOAN

During the year ended February 28, 2021, the Company obtained federal government-sponsored financing by way of a $40,000 line of credit, which converted to a two-year non-interest-bearing term loan on January 1, 2021. In October 2022, the Government of Canada advised that the non-interest-bearing term was extended by one year. If not repaid by December 31, 2023, the loan is extendable for a further two years, subject to annual interest of 5%.

(Unaudited, prepared by management and expressed in Canadian dollars)

11. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of shares	Share Capital	Contributed Surplus
Authorized:			
Unlimited common shares			
Issued:			
Balance as at February 28, 2021	125,022,308	$ 22,062,419	$ 3,703,452
Warrants exercised	100,000	11,500	-
Options exercised	1,760,000	159,500	-
Fair value of options exercised	-	141,494	(141,494)
Stock-based compensation	-	-	25,356
Balance as at February 28, 2022	126,882,308	$ 22,374,913	$ 3,587,314
Stock-based compensation	-	-	15,000
Balance as at August 31, 2022	126,882,308	$ 22,374,913	$ 3,602,314

(a) Share Issuances

<u>During the six months ended August 31, 2022, no shares were issued.</u>

<u>During the year ended February 28, 2022:</u>

i. 1,760,000 incentive stock options were exercised for gross proceeds of $159,500. $141,494 was transferred from contributed surplus to share capital, being the fair value of the stock options exercised.

ii. 100,000 share purchase warrants were exercised for gross proceeds of $11,500.

(Unaudited, prepared by management and expressed in Canadian dollars)

11. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

(b) Stock Options

The Company has a stock option plan (the "Plan") whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at time of issue. The Plan provides for the issuance of up to 10% of the Company's issued common shares as at the date of grant with each stock option having a minimum term of five years. The board of directors has the exclusive power over the granting and vesting of options subject to exchange rules.

<u>During the six months ended August 31, 2022:</u>

i. the Company recognized stock-based compensation expense of $15,000;

<u>During the year ended February 28, 2022:</u>

ii. 1,760,000 stock options were exercised for gross proceeds of $159,500;

iii. the Company granted 300,000 incentive stock options with an exercise price of $0.15 expiring on November 30, 2026;

iv. the Company recognized stock-based compensation expense of $25,356;

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at February 28, 2021	8,575,000	$ 0.10
Granted	300,000	0.15
Exercised	(1,760,000)	0.09
Expired	(80,000)	0.08
Outstanding at February 28, 2022 and August 31, 2022	7,035,000	$ 0.11

(Unaudited, prepared by management and expressed in Canadian dollars)

11. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

(b) Stock Options (continued)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of the stock options granted during the six months ended August 31, 2022 and the year ended February 28, 2022:

	For the Six Months Ended August 31, 2022	For the Year Ended February 28, 2022
Risk-free interest rate	N/A	1.31%
Expected life of options	N/A	5 years
Annualized volatility	N/A	141.00%
Dividend rate	N/A	N/A

At August 31, 2022, the Company had the following incentive stock options outstanding entitling the holders thereof to acquire the following common shares in the Company:

Number of Options	Exercise Price	Expiry Date
3,660,000	$0.12	September 21, 2022
500,000	$0.07	February 13, 2024
100,000	$0.06	February 13, 2024
2,475,000	$0.10	June 19, 2025
300,000	$0.15	November 30, 2026
7,035,000		

6,885,000 incentive stock options were exercisable at August 31, 2022. The weighted average remaining life of the outstanding incentive stock options at August 31, 2022 was 1.32 years (February 28, 2022 – 1.82 years).

(c) Share Purchase Warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 28, 2021	23,866,667	$ 0.12
Exercised	(100,000)	0.115
Expired	(6,666,667)	0.15
Outstanding at February 28, 2022 and August 31, 2022	17,100,000	$ 0.14

(Unaudited, prepared by management and expressed in Canadian dollars)

11. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

(c) Share Purchase Warrants (continued)

Share purchase warrants outstanding at August 31, 2022 are:

Number of Warrants	Exercise Price	Expiry Date
4,000,000	$0.10	November 8, 2022
13,100,000	0.15*	June 18, 2023
17,100,000		

* The exercise price of these warrants was $0.115 per share until June 18, 2021, and $0.15 thereafter until expiry.

12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

Fair value

All financial instruments are included on the Company's statement of financial position and are measured at either fair value or amortized cost.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable (excluding sales taxes receivable), marketable securities, other receivable, accounts payable and accrued liabilities and loan. The fair values of accounts receivable and accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

Financial instruments measured at fair value on the statement of financial position as at August 31, 2022 and as at February 28, 2022 are all classified as Level 1.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other receivable. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at August 31, 2022, the Company had a cash balance of $987,933 to settle current liabilities of $80,654. All of the Company's financial liabilities are subject to normal trade terms.

12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest rate risk

The Company has cash and cash equivalents and no interest-bearing debt. The Company's current policy is to invest excess cash and cash equivalents in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank. As at August 31, 2022, the Company had $Nil in interest bearing cashable on demand investment grade guaranteed investment certificates.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, other receivable and accounts payable and accrued liabilities that are denominated in United States Dollars and Peruvian Soles. As at August 31, 2022, approximately 96% of the Company's cash, 100% of its other receivable and 20% of its liabilities are denominated in United States Dollars and/or Peruvian Soles.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Political Uncertainty

In conducting operations in Peru, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Peru, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

As at August 31, 2022, there was $16,198 (August 31, 2021 - $15,534) of exploration and evaluation expenditures included in accounts payable and accrued liabilities.

During the six months ended August 31, 2022, amortization expense of $4,299 (August 31, 2021 - $4,826) was capitalized to mineral properties.

In June 2022, the Company received 1,379,910 common shares of Chakana at a fair value of $165,517 pursuant to the Soledad amended property option agreement described in Note 7(f(2(i))).

14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to maintain its ability to continue as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage, and as such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management and remained unchanged during the six months ended August 31, 2022 and the year ended February 28, 2022.

15. COVID-19

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

16. SUBSEQUENT EVENTS

Subsequent to August 31, 2022:

i. 3,660,000 stock options, with an exercise price of $0.12, expired unexercised; and

ii. the Company granted 500,000 stock options with an exercise price of $0.11 expiring on October 13, 2027.