CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Unaudited – Expressed in Canadian dollars)

Notice to Reader

These condensed consolidated interim financial statements of Azarga Metals Corp. have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the financial statements or the related quarterly Management's Discussion and Analysis.

AZARGA METALS CORP.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Expressed in Canadian dollars)

	Note		March 31, 2022		September 30, 2021
ASSETS					
Current assets					
Cash	4	$	428,743	$	862,851
Receivables	5		40,049		74,880
Prepaid expenses	6		3,661		31,359
			472,453		969,090
Exploration and evaluation assets	7		869,083		8,012,117
Deferred acquisition costs	7		-		50,000
		$	1,341,536	$	9,031,207
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade and other payables	8	$	1,065,963	$	260,678
Convertible loan	9		4,646,976		-
			5,712,939		260,678
Convertible loan	9		-		4,641,767
Property payment obligation	10		286,925		-
Shareholder loans	11		958,080		1,484,940
			6,957,944		6,387,385
Shareholders' equity					
Share capital	12		138,298,241		137,752,269
Share-based reserve	12		17,206,372		17,144,994
Deficit			(161,121,021)		(152,253,441)
			(5,616,408)		2,643,822
		$	1,341,536	$	9,031,207
Nature of operations and going concern	1				
Subsequent events	16				

These condensed consolidated interim financial statements were approved for issue by the Audit Committee of the Board of Directors on May 30, 2022.

They are signed on the Company's behalf by:

"Gordon Tainton"
Gordon Tainton, Director

"Blake Steele"
Blake Steele, Director

AZARGA METALS CORP.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited – Expressed in Canadian dollars)

	Note	Three months ended March 31, 2022	Three months ended March 31, 2021	Six months ended March 31, 2022	Six months ended March 31, 2021
EXPENSES					
Consulting fees	*13*	$ 91,200	$ 63,601	$ 182,528	$ 128,525
Exploration and evaluation expenditures	*7*	29,507	106,178	101,282	196,913
Investor relations		18,926	21,650	45,851	47,637
Office expenses		7,507	5,327	17,066	10,298
Professional fees		22,615	16,960	139,631	28,109
Regulatory fees		10,343	21,375	19,834	23,990
Share-based compensation		28,578	-	61,378	-
Travel		5,980	-	16,651	-
		(214,656)	(235,091)	(584,221)	(435,472)
Accretion on property payment obligation	*10*	(7,907)	-	(7,907)	-
Foreign exchange gain (loss)		55,794	55,366	96,783	(105,774)
Interest expense on convertible loan	*9*	(139,229)	(139,186)	(283,346)	(281,159)
Interest expense on shareholder loans	*11*	(28,630)	(28,528)	(58,031)	(58,054)
Loss on settlement of convertible loan interest	*9*	-	-	(18,741)	-
Impairment of exploration and evaluation assets	*7*	(8,012,117)	-	(8,012,117)	-
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		$ (8,346,745)	$ (347,439)	$ (8,867,580)	$ (880,459)
Basic and diluted loss per common share		$ (0.06)	$ (0.00)	$ (0.07)	$ (0.01)
Weighted average number of common shares outstanding		130,503,915	100,079,244	127,964,895	98,969,561

AZARGA METALS CORP.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian dollars)

	Six months ended March 31, 2022	Six months ended March 31, 2021
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Loss for the period	$ (8,867,580)	$ (880,459)
Items not affecting cash:		
Share-based compensation	61,378	-
Accretion on property payment obligation	7,907	-
Accrued interest expense on convertible loan	283,346	281,159
Accrued interest expense on shareholder loans	58,031	58,054
Loss on settlement of convertible loan interest	18,741	-
Impairment of exploration and evaluation assets	8,012,117	-
Unrealized foreign exchange (gain) loss	(107,046)	61,034
Change in non-cash working capital items:		
Receivables	34,831	4,571
Prepaid expenses	27,698	(21,750)
Trade and other payables	36,469	(34,976)
	(434,108)	(532,367)
FINANCING ACTIVITIES:		
Private placement	-	1,250,000
Share issuance costs	-	(71,388)
	-	1,178,612
CHANGE IN CASH FOR THE PERIOD	(434,108)	646,245
CASH, BEGINNING OF THE PERIOD	862,851	775,220
CASH, END OF THE PERIOD	$ 428,743	$ 1,421,465
Non-cash investing and financing activities		
Issuance of shares for convertible loan interest	$ 205,907	$ 192,330
Issuance of shares for exploration and evaluation assets	340,065	-
Accrued exploration and evaluation assets	479,018	-
Private placement - warrants	-	238,302
Share issuance costs - warrants	-	72,865
Supplementary information		
Interest paid	$ -	$ -
Income taxes paid	-	-

AZARGA METALS CORP.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited – Expressed in Canadian dollars)

	Number of shares		Share capital		Share-based reserve		Deficit		Shareholders' equity
Balance, September 30, 2021	121,092,414	$	137,752,269	$	17,144,994	$	(152,253,441)	$	2,643,822
Issuance of shares for convertible loan interest	3,743,755		205,907		-		-		205,907
Issuance of shares for exploration and evaluation assets	5,219,985		313,199		-		-		313,199
Issuance of shares - finder's fee	447,761		26,866		-		-		26,866
Share-based compensation	-		-		61,378		-		61,378
Comprehensive loss for the period	-		-		-		(8,867,580)		(8,867,580)
Balance, March 31, 2022	130,503,915	$	138,298,241	$	17,206,372	$	(161,121,021)	$	(5,616,408)

	Number of shares		Share capital		Share-based reserve		Deficit		Shareholders' equity
Balance, September 30, 2020	95,942,780	$	136,543,461	$	16,752,357	$	(150,387,998)	$	2,907,820
Private placement	20,833,329		1,011,698		238,302		-		1,250,000
Share issuance costs	-		(144,253)		72,865		-		(71,388)
Issuance of shares for convertible loan interest	2,747,575		192,330		-		-		192,330
Comprehensive loss for the period	-		-		-		(880,459)		(880,459)
Balance, March 31, 2021	119,523,684	$	137,603,236	$	17,063,524	$	(151,268,457)	$	3,398,303

The accompanying notes form an integral part of these condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Azarga Metals Corp. (the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) and trade under the symbol AZR. The corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., V4B 1E6.

The Company is engaged in the exploration and, if warranted, development of mineral resource projects. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production nor has it generated any revenues from operations.

In December 2021, the Company completed the acquisition of the Marg Copper project located in the Yukon Territory of Canada (Note 7).

In early 2022, countries around the world imposed a number of sanctions on Russia in response to its invasion of Ukraine. These sanctions included, but were not limited to, removing certain Russian banks from the Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) messaging system, which may affect the Company’s ability to fund its operations in Russia. The Company has some cash reserves in Russia, but prolonged sanctions may impact the Company's ability to send additional cash to fund operations in Russia, and specifically its ability to maintain the Unkur license in good standing. During the six months ended March 31, 2022, the Company recorded an impairment of the Unkur project (Note 7).

In May 2022, the Company agreed to grant Baker Steel Resources Trust Ltd. (“BSRT”) the option to acquire the Unkur project until December 31, 2023, in exchange for BSRT agreeing to convert its outstanding convertible loan upon certain closing conditions being met (Note 16).

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at March 31, 2022, the Company had a working capital deficit of $5,240,486, which amount includes the convertible loan of $4,646,976 to be settled in common shares of the Company (Note 16). The Company needs to complete a financing in order to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse impacts of the outbreak and its effects on the Company’s business or ability to raise funds. To date, the COVID-19 pandemic has had a minimal affect on the Company’s operations.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

These condensed consolidated interim financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2021.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the parent company's functional currency as well as the functional currency of its subsidiaries.

Use of accounting estimates, judgments, and assumptions

Information about estimates and judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are included in Note 2 to the Company's September 30, 2021 annual consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended September 30, 2021.

New standards, interpretations, and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2022 and have not been applied in preparing these condensed consolidated interim financial statements.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to IAS 1 Presentation of Financial Statements, clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

The Company has not early adopted this revised standard and its adoption is not expected to have a significant effect on the Company's condensed consolidated interim financial statements.

(Unaudited – Expressed in Canadian dollars)

4. CASH

		March 31, 2022		September 30, 2021
Canadian dollar denominated deposits held in Canada	$	367,742	$	698,772
US dollar denominated deposits held in Canada		18,076		66,409
US dollar denominated deposits held in Cyprus		18,020		15,327
Ruble denominated deposits held in Russia		24,905		82,343
Total	$	428,743	$	862,851

5. RECEIVABLES

		March 31, 2022		September 30, 2021
Amounts due from the Government of Canada pursuant to input tax credits	$	8,376	$	1,840
Amounts due from the Government of Russia pursuant to value added tax		21,414		59,259
Other receivables		10,259		13,781
Total	$	40,049	$	74,880

6. PREPAID EXPENSES

		March 31, 2022		September 30, 2021
Prepaid insurance	$	1,006	$	7,044
Prepaid investor relations		-		18,475
Prepaid other		2,655		5,840
Total	$	3,661	$	31,359

(Unaudited – Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Canada		Russia		
		Marg		Unkur	Total
September 30, 2021	$	-	$ 8,012,117	$	8,012,117
Additions		869,083	-		869,083
Impairment		-	(8,012,117)		(8,012,117)
March 31, 2022	$	869,083	$ -	$	869,083

Marg Copper Project, Yukon, Canada

In December 2021, the Company completed the acquisition of the Marg copper project, located in the Yukon Territory of Canada, from Golden Predator Mining Corp. ("Golden Predator").

As consideration, the Company paid Golden Predator a non-refundable deposit of $50,000 in July 2021 on signing of a letter of intent (this amount was recorded as deferred acquisition costs as at September 30, 2021 and allocated to exploration and evaluation assets on closing) and issued Golden Predator 5,219,985 common shares valued at $313,199. The Company also paid a finder's fee to a third-party through the issuance of 447,761 common shares valued at $26,866.

The Company is also obligated to pay Golden Predator $200,000 on the first anniversary of closing and $350,000 on the second anniversary of closing. The second anniversary payment of $350,000 has been discounted at a rate of 12% over a period of two years for an initial present value of $279,018 (Note 10). These amounts have also been accrued as part of the consideration payable for the Marg project.

Consideration given up		
Cash	$	50,000
Shares issued		313,199
Shares issued for finder's fee		26,866
Property payment obligation - current		200,000
Property payment obligation - non-current		279,018
Total	$	869,083

Net assets received		
Exploration and evaluation assets	$	869,083
Total	$	869,083

Management has determined that the acquisition does not constitute the acquisition of a business, as defined under IFRS 3, Business Combinations, therefore the acquisition was accounted for as an asset acquisition.

(Unaudited – Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Marg Copper Project, Yukon, Canada (continued)

Upon a final decision to mine by the Company, an additional payment of $300,000 is due in cash or shares at Golden Predator's discretion.

Finder's fees between 5% and 7.5% are payable to a third-party upon payment of any future amounts to Golden Predator.

The Marg project is subject to a 1% net smelter return ("NSR") royalty to Golden Predator for all metals extracted from the Marg project. The Company has the option to buy back 100% of the NSR royalty for cash consideration of $1,500,000.

Unkur Copper-Silver Project, Russia

The Company's 100% owned Unkur copper-silver project is located in eastern Russia. The mineral exploration and exploitation license for the Unkur project is valid through December 31, 2039.

The Unkur project is subject to a 5% NSR royalty. The Company has the right to buy back up to 2% of the NSR royalty at a cost of US$5,000,000 per percentage point so that upon paying US$10,000,000 the NSR royalty will be reduced to 3%.

As part of the acquisition of the Unkur project, the Company agreed to make a payment of US$6,200,000 if at any time, a mineral resource (adding measured, indicated and inferred resources of all deposits within the Unkur project area) is estimated to contain copper and silver to the equivalent of two million tonnes or more of copper where measured plus indicated resources comprise at least 70% of that estimate, taking the value of silver as copper equivalent. This milestone payment was cancelled subsequent to March 31, 2022 (Note 16).

In early 2022, countries around the world imposed a number of sanctions on Russia in response to its invasion of Ukraine. These sanctions included, but wee not limited to, removing certain Russian banks from the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") messaging system, which may affect the Company's ability to fund its operations in Russia. The Company has some cash reserves in Russia, but prolonged sanctions may impact the Company's ability to send additional cash to fund operations in Russia, and specifically its ability to maintain the Unkur license in good standing.

During the six months ended March 31, 2022, the Company determined that these events cast significant uncertainty over the Company's Russian operations and accordingly, the Company recorded an impairment of exploration and evaluation assets of $8,012,117 on the Unkur project.

The Company recorded the following exploration and evaluation expenditures on its Unkur project for the three and six months ended March 31, 2022 and 2021.

	Three months ended March 31,		Six months ended March 31,	
	2022	**2021**	**2022**	**2021**
Licenses and permits	$ -	$ 4,430	$ -	$ 22,986
Personnel, administration, and travel	29,507	49,100	67,572	96,821
Studies and evaluations	-	52,648	33,710	77,106
	$ 29,507	$ 106,178	$ 101,282	$ 196,913

In May 2022, the Company agreed to grant BSRT the option to acquire the Unkur project until December 31, 2023, in exchange for BSRT agreeing to convert its outstanding convertible loan upon certain closing conditions being met (Note 16).

(Unaudited – Expressed in Canadian dollars)

8. TRADE AND OTHER PAYABLES

		March 31, 2022		September 30, 2021
Trade and other payables in Canada	$	98,371	$	55,952
Trade and other payables in Russia		30,918		12,915
Property payment obligation (Note 7)		200,000		-
Interest on Convertible Loan (Note 9)		179,586		174,365
Interest on shareholder loans (Note 10)		555,633		-
Due to related parties (Note 12)		1,455		17,446
Total	$	1,065,963	$	260,678

9. CONVERTIBLE LOAN

		March 31, 2022		September 30, 2021
Opening balance	$	4,641,767	$	4,257,836
Amortization of financing costs		90,959		182,417
Foreign exchange		(85,750)		201,514
Closing balance	$	4,646,976	$	4,641,767
Current	$	4,646,976	$	-
Non-current		-		4,641,767

In April 2019, the Company and BSRT completed a secured convertible loan facility pursuant to which BSRT loaned the Company US$3,000,000 (the “Convertible Loan”). In April 2020, the Convertible Loan was increased to US$3,500,000.

The Convertible Loan bears interest at 8% per annum, payable semi-annually, and matures on December 31, 2022. Full details of the Convertible Loan are found in Note 9 of the September 30, 2021 annual consolidated financial statements.

Subsequent to March 31, 2022, the Company and BSRT executed a definitive agreement whereby BSRT will convert the Convertible Loan into 46,925,500 common shares, upon certain closing conditions being met (Note 16).

In October 2021, the Company issued BSRT 3,743,755 common shares valued at $205,907 to settle its semi-annual interest payment of $187,166 and accordingly recorded a loss on settlement of $18,741 (Note 12).

During the six months ended March 31, 2022, the Company recorded interest expense of $283,346 (2021 – $281,159), being $192,387 (2021 - $190,200) of interest expense on the Convertible Loan and amortization of financing costs of $90,959 (2021 – $90,959).

During the three months ended March 31, 2022, the Company recorded interest expense of $139,229 (2021 – $139,186), being $94,249 (2021 - $94,206) of interest expense on the Convertible Loan and amortization of financing costs of $44,980 (2021 – $44,980).

(Unaudited – Expressed in Canadian dollars)

10. PROPERTY PAYMENT OBLIGATION

	March 31, 2022	September 30, 2021
Opening balance	$ -	$ -
Addition	279,018	-
Accretion	7,907	-
Closing balance	$ 286,925	$ -

As part of the consideration payable for the Marg project, the Company is obligated to pay $350,000 in December 2023 (Note 7). This second anniversary payment was discounted at a rate of 12% over a period of two years for an initial present value of $279,018.

During the three and six months ended March 31, 2022, the Company recorded accretion on the property payment obligation of $7,907.

11. SHAREHOLDER LOANS

		March 31, 2022	September 30, 2021
Shareholders	Relationship		
Principal payable			
Alexander Molyneux	greater than 10% shareholder	$ 304,144	$ 310,107
Eugene McCarthy	greater than 10% shareholder	304,645	310,618
Blake Steele	Director	67,643	68,970
OC Management Group Ltd.	Principal is a Director	137,628	140,326
Serhii Stefanovych		144,020	146,843
		958,080	976,864
Interest payable		-	508,076
Total		$ 958,080	$ 1,484,940

The amounts due are unsecured, bear interest at the rate of 12% per annum, and are payable by May 31, 2023. Accrued interest is payable once the Convertible Loan is settled (Note 9). Therefore, accrued interest was reclassified as current and recorded in trade and other payables (Note 8).

During the three and six months ended March 31, 2022, the Company accrued interest of $28,630 (2021 - $28,528) and $58,031 (2021 – $58,054) on the shareholder loans.

(Unaudited – Expressed in Canadian dollars)

12. SHARE CAPITAL

a) Authorized

The Company has an unlimited number of common shares without par value authorized for issuance.

b) Issued and outstanding

During the six months ended March 31, 2022, the Company completed the following:

- In October 2021, the Company issued BSRT 3,743,755 common shares valued at $205,907 to settle its semi-annual interest payment of $187,166 and accordingly recorded a loss on settlement of $18,741 (Note 9).

- In December 2021, the Company issued 5,219,985 common shares valued at $313,199 for the Marg Project. In addition, the Company issued 447,761 common shares valued at $26,866 for a finder's fee (Note 7).

c) Warrants

The continuity of share purchase warrants for the six months ended March 31, 2022, is as follows:

Expiry date	Exercise price	Balance, September 30, 2021	Granted	Exercised	Expired	Balance, March 31, 2022
December 31, 2022	$ 0.10	20,440,914	-	-	-	20,440,914
March 25, 2023	$ 0.12	11,606,461	-	-	-	11,606,461
		32,047,375	-	-	-	32,047,375
Weighted average exercise price		$ 0.11	$ -	$ -	$ -	$ 0.11

As at March 31, 2022, the weighted average remaining contractual life of the share purchase warrants outstanding was 0.84 years.

d) Options

The Company has a shareholder approved rolling stock option plan ("the Plan") which is applicable to directors, officers, employees, and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors.

(Unaudited – Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

d) Options (continued)

The continuity of stock options for the six months ended March 31, 2022, is as follows:

Expiry date	Exercise price	Balance, September 30, 2021	Granted	Exercised	Expired/ Cancelled	Balance, March 31, 2022
October 5, 2021	$ 0.32	225,000	-	-	(225,000)	-
January 5, 2023	$ 0.15	1,845,000	-	-	(335,000)	1,510,000
May 24, 2024	$ 0.09	3,357,000	-	-	(207,000)	3,150,000
April 23, 2026	$ 0.13	3,000,000	-	-	-	3,000,000
		8,427,000	-	-	(767,000)	7,660,000
Weighted average exercise price		$ 0.12	$ -	$ -	$ 0.18	$ 0.12

As at March 31, 2022, 5,160,000 stock options were exercisable.

As at March 31, 2022, the weighted average remaining contractual life of the stock options outstanding was 2.63 years.

13. RELATED PARTY TRANSACTIONS AND BALANCES

Except as disclosed elsewhere in these condensed consolidated interim financial statements, the Company incurred the following related party transactions:

Compensation of key management personnel

Key management includes members of the Board of Directors, the Chief Executive Officer, the VP Exploration, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the three and six months ended March 31, 2022 and 2021 were as follows:

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	2022	2021
Consulting fees				
Chief Executive Officer	$ 43,500	$ -	$ 87,000	$ -
VP Exploration	22,700	22,783	45,528	46,346
Golden Oak *	25,000	25,000	50,000	50,000
Former Chief Executive Officer	-	15,818	-	32,179
	$ 91,200	$ 63,601	$ 182,528	$ 128,525

* Golden Oak Corporate Services Ltd. ("Golden Oak") is a consulting company controlled by the Chief Financial Officer and Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, Corporate Secretary, and accounting and administrative staff to the Company.

Due to related parties

As at March 31, 2022, the Company owed $1,455 (September 30, 2021 – $17,446) to related parties of which $244 was owing to the Chief Executive Officer and $1,211 was owing to Golden Oak, both for the reimbursement of expenditures. All amounts are unsecured and non-interest bearing.

(Unaudited – Expressed in Canadian dollars)

14. SEGMENTED INFORMATION

The Company operates in one business and two geographical segments being the exploration of mineral properties in Canada and Russia. The total assets attributable to the geographical location relate primarily to exploration and evaluation assets and have been disclosed in Note 7.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVTOCI"); or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instruments	Category	March 31, 2022	September 30, 2021
Cash	FVTPL	$ 428,743	$ 862,851
Receivables	Amortized cost	40,049	74,880
Trade and other payables	Amortized cost	1,065,963	260,678
Convertible loan	Amortized cost	4,646,976	4,641,767
Property payment obligation	Amortized cost	286,925	-
Shareholder loans	Amortized cost	958,080	1,484,940

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values for receivables and trade and other payables approximate their fair value due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash is determined based on Level 1 of the fair value hierarchy. The carrying values of the Convertible Loan, property payment obligation, and shareholder loans are measured at amortized cost.

Risk Management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended September 30, 2021.

16. SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the Company completed the following:

- In April 2022, the Company granted 4,500,000 stock options to directors and officers of the Company exercisable at a price of $0.05 until April 21, 2027.

- In April 2022, 225,000 stock options were cancelled.

- In April 2022, the Company and the original vendors of the Unkur project agreed to cancel the rights to a US$6,200,000 milestone payment (Note 7).

- In May 2022, the Company executed a definitive agreement with BSRT whereby BSRT agreed to convert the US$3,500,000 Convertible Loan (Note 9) at a fixed Canadian dollar equivalent value of $4,692,550, and a conversion price of $0.10 per share, for a total issue of 46,925,500 common shares of the Company. BSRT also agreed to waive all accrued interest otherwise due under the Convertible Loan to the date of conversion.

  In exchange for converting the loan, the Company agreed to grant BSRT the option to acquire the Unkur project (the "Unkur Option") until December 31, 2023 (the "Option Period"), after which the Unkur Option will automatically expire. The Company will use its best efforts, while recognizing that sanctions and other force majeure circumstances may prevent these efforts, to maintain the corporate existence of its subsidiaries and its licences, including the Unkur project, on a care and maintenance basis during the Option Period. If the Unkur Option is exercised by BSRT and the Unkur project is subsequently sold to a non-sanctioned arms-length third party within 2 years of the date of the exercise of the Unkur Option by BSRT, proceeds from the sale of the Unkur project will be shared between the Company and BSRT based on an agreed upon formula. During the Option Period, the Company will grant BSRT a right of first refusal to match any third-party offer received by the Company for the Unkur project. The parties have also agreed to use reasonable efforts to work together during the Option Period to find potential buyers for the Unkur project.

  Closing of the Unkur Option is subject to receipt of regulatory approval and standard closing conditions.