



**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2021

(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	December 31, 2021	September 30, 2021
ASSETS			
Current assets			
Cash	4	\$ 646,883	\$ 862,851
Receivables	5	63,114	74,880
Prepaid expenses	6	10,972	31,359
		720,969	969,090
Exploration and evaluation assets	7	8,881,200	8,012,117
Deferred acquisition costs	7	-	50,000
		\$ 9,602,169	\$ 9,031,207
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	8	\$ 983,662	\$ 260,678
Convertible loan	9	4,665,696	-
		5,649,358	260,678
Convertible loan	9	-	4,641,767
Property payment obligation	7	279,018	-
Shareholder loans	10	972,034	1,484,940
		6,900,410	6,387,385
Shareholders' equity			
Share capital	11	138,298,241	137,752,269
Share-based reserve	11	17,177,794	17,144,994
Deficit		(152,774,276)	(152,253,441)
		2,701,759	2,643,822
		\$ 9,602,169	\$ 9,031,207
Nature of operations and going concern	1		

These condensed consolidated interim financial statements were approved for issue by the Audit Committee of the Board of Directors on February 28, 2022.

They are signed on the Company's behalf by:

"Gordon Tainton"

Gordon Tainton, Director

"Blake Steele"

Blake Steele, Director

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

AZARGA METALS CORP.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(Unaudited – Expressed in Canadian dollars)

		Three months ended December 31,	
	Note	2021	2020
EXPENSES			
Consulting fees	12	\$ 91,328	\$ 64,924
Exploration and evaluation expenditures	7	71,775	90,735
Investor relations		26,925	25,987
Office expenses		9,559	4,971
Professional fees		117,016	11,149
Regulatory fees		9,491	2,615
Share-based compensation		32,800	-
Travel		10,671	-
		(369,565)	(200,381)
Foreign exchange gain (loss)		40,989	(161,140)
Loss on settlement of convertible loan interest	9	(18,741)	-
Interest expense on convertible loan	9	(144,117)	(141,973)
Interest expense on shareholder loans	10	(29,401)	(29,526)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ (520,835)	\$ (533,020)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding		125,481,072	97,884,001

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

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

	Three months ended December 31,	
	2021	2020
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Loss for the period	\$ (520,835)	\$ (533,020)
Items not affecting cash:		
Share-based compensation	32,800	-
Loss on settlement of convertible loan interest	18,741	-
Accrued interest expense on convertible loan	144,117	141,973
Accrued interest expense on shareholder loans	29,401	29,526
Unrealized foreign exchange (gain) loss	(29,392)	133,203
Change in non-cash working capital items:		
Receivables	11,766	(38,329)
Prepaid expenses	20,387	7,625
Trade and other payables	77,047	14,092
	(215,968)	(244,930)
DECREASE IN CASH FOR THE PERIOD	(215,968)	(244,930)
CASH, BEGINNING OF THE PERIOD	862,851	775,220
CASH, END OF THE PERIOD	\$ 646,883	\$ 530,290
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	-
Supplementary information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

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	-	-	32,800	-	32,800
Comprehensive loss for the period	-	-	-	(520,835)	(520,835)
Balance, December 31, 2021	130,503,915	\$ 138,298,241	\$ 17,177,794	\$ (152,774,276)	\$ 2,701,759

	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
Issuance of shares for convertible loan interest	2,747,575	192,330	-	-	192,330
Comprehensive loss for the period	-	-	-	(533,020)	(533,020)
Balance, December 31, 2020	98,690,355	\$ 136,735,791	\$ 16,752,357	\$ (150,921,018)	\$ 2,567,130

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

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2021

(Unaudited – Expressed in Canadian dollars)

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 in Canada and eastern Russia. 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.

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 December 31, 2021, the Company had a working capital deficit of \$4,928,389. The Company will need 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 February 2022, countries around the world imposed a number of sanctions on Russia in response to its invasion of Ukraine. These sanctions include, but are not limited to, removing certain Russian banks from the Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) messaging system, which will affect the Company’s ability to fund its operations in Russia. The Company has some cash reserves in Russia (Note 4), but prolonged sanctions impacting the Company’s ability to fund operations in Russia, specifically the Unkur project, may jeopardize the viability of the Company’s business operations in Russia. The Company is analysing the evolving situation and assessing the risks associated with these sanctions and their impact on the Company’s operations.

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.

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2021

(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

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.

Carrying value and recoverability of exploration and evaluation assets

Management has determined that acquisition costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, preliminary economic assessment, accessibility of facilities and existing permits. As noted above, countries around the world imposed a number of sanctions on Russia in February 2022. Management of the Company has determined at this time that it is too early to assess the full impact of these sanctions. The Company will continue to monitor and assess at each reporting period.

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 December 31, 2021 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.

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2021

(Unaudited – Expressed in Canadian dollars)

4. CASH

	December 31, 2021	September 30, 2021
Canadian dollar denominated deposits held in Canada	\$ 543,508	\$ 698,772
US dollar denominated deposits held in Canada	25,647	66,409
US dollar denominated deposits held in Cyprus	22,624	15,327
Ruble denominated deposits held in Russia	55,104	82,343
Total	\$ 646,883	\$ 862,851

5. RECEIVABLES

	December 31, 2021	September 30, 2021
Amounts due from the Government of Canada pursuant to input tax credits	\$ 6,103	\$ 1,840
Amounts due from the Government of Russia pursuant to value added tax	42,920	59,259
Other receivables	14,091	13,781
Total	\$ 63,114	\$ 74,880

6. PREPAID EXPENSES

	December 31, 2021	September 30, 2021
Prepaid insurance	\$ 4,025	\$ 7,044
Prepaid investor relations	2,700	18,475
Prepaid other	4,247	5,840
Total	\$ 10,972	\$ 31,359

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited – Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Canada		Russia		Total
	Marg		Unkur		
September 30, 2021	\$	-	\$	8,012,117	\$ 8,012,117
Additions		869,083		-	869,083
December 31, 2021	\$	869,083	\$	8,012,117	\$ 8,881,200

Marg Copper Project, Yukon, Canada

In November 2021, the Company entered into an asset purchase agreement with Golden Predator Mining Corp. (“Golden Predator”) to acquire a 100% interest in the Marg Copper Project located in the Yukon Territory of Canada.

The Company paid 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 5,219,985 common shares valued at \$313,199 in December 2021 on closing. The Company also paid a finder’s fee through the issuance of 447,761 common shares valued at \$26,866 in December 2021 on closing.

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 with a present value of \$279,018. These amounts have 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 this acquisition does not constitute the acquisition of a business, therefore has treated it as an asset acquisition.

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2021

(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 upon payment of any future amounts.

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.

The Company recorded the following exploration and evaluation expenditures on its Unkur Project for the three months ended December 31, 2021 and 2020.

	Three months ended December 31,	
	2021	2020
Licenses and permits	\$ -	\$ 18,556
Personnel, administration, and travel	71,775	47,721
Studies and evaluations	-	24,458
	<u>\$ 71,775</u>	<u>\$ 90,735</u>

AZARGA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2021

(Unaudited – Expressed in Canadian dollars)

8. TRADE AND OTHER PAYABLES

	December 31, 2021	September 30, 2021
Trade and other payables in Canada	\$ 133,207	\$ 55,952
Trade and other payables in Cyprus	603	-
Trade and other payables in Russia	28,776	12,915
Property payment obligation (Note 7)	200,000	-
Interest on Convertible Loan (Note 9)	85,338	174,365
Interest on shareholder loans (Note 10)	534,965	-
Due to related parties (Note 12)	773	17,446
Total	\$ 983,662	\$ 260,678

9. CONVERTIBLE LOAN

	Three months ended December 31,	
	2021	2020
Opening balance	\$ 4,641,767	\$ 4,257,836
Amortization of financing costs	45,979	182,417
Foreign exchange	(22,050)	201,514
Closing balance	\$ 4,665,696	\$ 4,641,767

In April 2019, the Company and Baker Steel Resources Trust Ltd. (“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.

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 11).

During the three months ended December 31, 2021, the Company recorded interest expense of \$144,117 (2020 – \$141,973), being \$98,138 (2020 - \$95,994) of interest expense on the Convertible Loan and amortization of financing costs of \$45,979 (2020 – \$45,979).

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2021

(Unaudited – Expressed in Canadian dollars)

10. SHAREHOLDER LOANS

		December 31, 2021	September 30, 2021
Shareholders	Relationship		
Principal payable			
Alexander Molyneux	greater than 10% shareholder	\$ 308,574	\$ 310,107
Eugene McCarthy	greater than 10% shareholder	309,082	310,618
Blake Steele	Director	68,628	68,970
OC Management Group Ltd.	Principal is a Director	139,633	140,326
Serhii Stefanovych		146,117	146,843
		972,034	976,864
Interest payable		-	508,076
Total		\$ 972,034	\$ 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 totalling \$534,965 as at December 31, 2021 has been reclassified as current and recorded in trade and other payables (Note 8).

During the three months ended December 31, 2021, the Company accrued interest of \$29,401 (2020 – \$29,526) on the shareholder loans.

11. 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 three months ended December 31, 2021, 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).

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2021

(Unaudited – Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

c) Warrants

The continuity of share purchase warrants for the three months ended December 31, 2021, is as follows:

Expiry date	Exercise price	Balance, September 30, 2021	Granted	Exercised	Expired	Balance, December 31, 2021
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 December 31, 2021, the weighted average remaining contractual life of the share purchase warrants outstanding was 1.08 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.

The continuity of stock options for the three months ended December 31, 2021, is as follows:

Expiry date	Exercise price	Balance, September 30, 2021	Granted	Exercised	Expired	Balance, December 31, 2021
October 5, 2021	\$ 0.32	225,000	-	-	(225,000)	-
January 5, 2023	\$ 0.15	1,845,000	-	-	-	1,845,000
May 24, 2024	\$ 0.09	3,357,000	-	-	-	3,357,000
April 23, 2026	\$ 0.13	3,000,000	-	-	-	3,000,000
		8,427,000	-	-	(225,000)	8,202,000
Weighted average exercise price	\$ 0.12	\$ -	\$ -	\$ -	\$ 0.32	\$ 0.12

As at December 31, 2021, 5,702,000 stock options were exercisable.

As at December 31, 2021, the weighted average remaining contractual life of the stock options outstanding was 2.79 years.

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2021

(Unaudited – Expressed in Canadian dollars)

12. 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 months ended December 31, 2021 and 2020 were as follows:

	Three months ended December 31,	
	2021	2020
Consulting fees		
Chief Executive Officer	\$ 43,500	\$ -
VP Exploration	22,828	23,563
Golden Oak *	25,000	25,000
Former Chief Executive Officer	-	16,361
	<u>\$ 91,328</u>	<u>\$ 64,924</u>

* 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 December 31, 2021, the Company owed \$773 (September 30, 2021 – \$17,446) to related parties of which \$28 was owing to the Chief Executive Officer and \$745 was owing to Golden Oak, both for the reimbursement of expenditures. All amounts are unsecured and non-interest bearing.

13. 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.

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2021

(Unaudited – Expressed in Canadian dollars)

14. 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	December 31, 2021	September 30, 2021
Cash	FVTPL	\$ 646,883	\$ 862,851
Receivables	Amortized cost	63,114	74,880
Trade and other payables	Amortized cost	983,662	260,678
Convertible loan	Amortized cost	4,665,696	4,641,767
Property payment obligation	Amortized cost	279,018	-
Shareholder loans	Amortized cost	972,034	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.