



**KENORLAND MINERALS LTD.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**

**(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)**

## TABLE OF CONTENTS

<b>Notice of No Auditor Review</b>	2
<b>Condensed Interim Consolidated Financial Statements</b>	
Condensed Interim Consolidated Statements of Financial Position	3
Condensed Interim Consolidated Statements of Income and Comprehensive Income	4
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity	6
Condensed Interim Consolidated Statements Cash Flows	7
Notes to Condensed Interim Consolidated Financial Statements	8

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company 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 financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars - Unaudited)

	Note	September 30, 2021	December 31, 2020
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		8,667,941	12,544,941
Receivables	3	1,821,074	1,023,831
Prepaid expenses		322,717	187,745
		<b>10,811,732</b>	<b>13,756,517</b>
<b>Exploration advances</b>		1,473	1,473
<b>Investment in equity instruments</b>	5	1,641,380	631,317
<b>Investment in associate</b>	6	1,351,258	-
<b>Exploration and evaluation assets</b>	7	9,931,019	3,276,503
<b>Equipment</b>		11,044	15,383
<b>Right-of-use assets</b>		18,373	39,042
		<b>23,766,279</b>	<b>17,720,235</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	4,861,452	2,362,580
Advances received	7	2,194,859	1,448,588
Current portion of lease liabilities		19,788	28,499
		<b>7,076,099</b>	<b>3,839,667</b>
<b>RSU liability</b>	10	455,401	420,620
<b>Government loans payable</b>	9	100,000	80,000
<b>Lease liabilities</b>		-	12,475
		<b>7,631,500</b>	<b>4,352,762</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	17,929,750	17,571,630
Reserves	10	2,537,643	2,164,534
Deficit		(4,332,614)	(6,368,691)
		<b>16,134,779</b>	<b>13,367,473</b>
		<b>23,766,279</b>	<b>17,720,235</b>

**Nature and continuance of operations (Note 1) and subsequent event (Note 18)**

Approved and authorized for issuance by the Board of Directors on November 26, 2021.

“Jessica Van Den Akker”  
Director

“Jay Sujir”  
Director

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

**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Income and Comprehensive Income  
(Expressed in Canadian Dollars - Unaudited)

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Revenue</b>		1,078,119	135,688	1,606,199	481,125
<b>Operating expenses</b>					
Bank charges		1,276	2,034	7,335	5,489
Conference and marketing		135,423	4,136	437,029	5,126
Consulting		9,582	35,653	65,056	61,467
Depreciation		8,336	8,151	25,008	23,351
Foreign exchange loss (gain)		(14,928)	655	52,351	404
Geologists		150,750	82,945	494,255	220,297
Insurance		16,586	2,757	45,112	11,607
Interest on lease liability		431	915	1,662	3,090
Management fees		57,000	-	96,000	-
Office expenses		59,818	11,222	102,291	34,037
Professional fees		97,421	150,673	302,708	260,796
Project generation		7,847	-	82,485	17,344
Rent		4,807	696	11,525	1,431
Salaries and benefits		50,246	35,346	153,858	94,146
Share-based compensation	10	243,880	136,356	829,751	354,662
Transfer agent and filing fees		12,044	-	41,725	-
Travel and related		9,221	-	11,243	15,515
		849,740	471,539	2,759,394	1,108,762
<b>Income (loss) from operations</b>		228,379	(335,851)	(1,153,195)	(627,637)
<b>Other income (expenses)</b>					
Gain on sale of mineral properties	5, 7	819,874	-	1,186,374	77,716
Interest income		33	-	326	-
Gain on deconsolidation	6	830,828	-	804,502	-
Dilution gain from investment in associate	6	432,318	-	432,318	-
Net change in fair value of investments	5	(28,579)	692,208	412,815	856,785
Gain on sale of equity investment	5	-	-	71,440	-
Net change in fair value of RSU liability	10	214,307	-	214,307	-
Equity loss in associated company	6	(23,880)	-	(26,060)	-
		2,244,901	692,208	3,096,022	934,501
<b>Income for the period</b>		2,473,280	356,357	1,942,827	306,864
<b>Income (loss) attributable to:</b>					
Shareholders of the Company		2,515,555	356,357	2,016,663	306,864
Non-controlling interest	15	(42,275)	-	(73,836)	-
<b>Income for the period</b>		2,473,280	356,357	1,942,827	306,864

**Earnings per share (Note 11)**

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

**KENORLAND MINERALS LTD.**Condensed Interim Consolidated Statements of Income and Comprehensive Income  
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Income for the period</b>	2,473,280	356,357	1,942,827	306,864
<b>Other comprehensive loss</b>				
Foreign currency translation adjustment	-	(984)	-	(984)
<b>Comprehensive income for the period</b>	<b>2,473,280</b>	<b>355,373</b>	<b>1,942,827</b>	<b>305,880</b>
<b>Comprehensive income (loss) attributable to:</b>				
Shareholders of the company	2,515,555	355,373	2,016,663	305,880
Non-controlling interest	(42,275)	-	(73,836)	-
<b>Comprehensive income for the period</b>	<b>2,473,280</b>	<b>355,373</b>	<b>1,942,827</b>	<b>305,880</b>

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

**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars - Unaudited)

	Number of Shares Issued	Share Capital \$	Reserves \$	Accumulated Other Comprehensive Income \$	Deficit \$	Non- controlling interest \$	Total Shareholders' Equity \$
<b>Balance, December 31, 2019</b>	<b>26,140,002</b>	<b>2,058,329</b>	<b>235,275</b>	<b>306</b>	<b>(175,976)</b>	<b>-</b>	<b>2,117,934</b>
Shares issued for cash	4,078,000	1,019,500	-	-	-	-	1,019,500
Share issuance costs	-	(12,463)	-	-	-	-	(12,463)
Options exercised	200,000	24,404	(9,404)	-	-	-	15,000
Stock-based compensation	-	-	285,912	-	-	-	285,912
Foreign exchange on translation	-	-	-	(984)	-	-	(984)
Loss for the period	-	-	-	-	306,864	-	306,864
<b>Balance, September 30, 2020</b>	<b>30,418,002</b>	<b>3,089,770</b>	<b>511,783</b>	<b>(678)</b>	<b>130,888</b>	<b>-</b>	<b>3,731,763</b>
<b>Balance, December 31, 2020</b>	<b>45,573,137</b>	<b>17,571,630</b>	<b>2,164,534</b>	<b>-</b>	<b>(6,368,691)</b>	<b>-</b>	<b>13,367,473</b>
Shares issued for exploration and evaluation assets	35,714	32,143	-	-	-	-	32,143
Options exercised	710,000	150,856	(63,856)	-	-	-	87,000
Warrants exercised	72,622	86,749	(35,912)	-	-	-	50,837
Warrants expired	-	88,372	(88,372)	-	-	-	-
Options cancelled	-	-	(19,414)	-	19,414	-	-
Share-based compensation	-	-	580,663	-	-	-	580,663
Non-controlling interest	-	-	-	-	-	73,836	73,836
Net loss for the period	-	-	-	-	2,016,663	(73,836)	1,942,827
<b>Balance, September 30, 2021</b>	<b>46,391,473</b>	<b>17,929,750</b>	<b>2,537,643</b>	<b>-</b>	<b>(4,332,614)</b>	<b>-</b>	<b>16,134,779</b>

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

**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars - Unaudited)

	<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows used in operating activities</b>		
Net income for the period	1,942,827	306,864
Adjustments for items not affecting cash:		
Depreciation	25,008	23,351
Gain on deconsolidation	(804,502)	-
Net change in fair value of investments	(412,815)	(856,785)
Loss on sale of equity investment	(71,440)	-
Gain on sale of mineral properties	(1,186,374)	(77,716)
Net change in fair value of RSU liability	(214,307)	-
Share-based compensation	829,751	354,662
Dilution gain from investment in associate	(432,319)	-
Equity loss in associated company	26,060	-
Change in non-cash working capital items		
Receivables	(697,243)	(475,946)
Prepaid expenses	(134,972)	(39,031)
Accounts payable and accrued liabilities	215,707	163,664
	(914,619)	(600,937)
<b>Cash flows provided by (used in) investing activities</b>		
Exploration advances	-	144,569
Exploration and evaluation assets expenditures	(13,621,270)	(91,032)
Advances received for exploration and evaluation assets expenditures	9,700,413	263,694
Option payment received	250,000	-
Purchase of equipment	-	(12,897)
Cash acquired on consolidation of investment	287,951	-
Investments in equity instruments	(180,000)	(150,000)
Investment in associate	(45,000)	-
Cash eliminated on deconsolidation	(42,566)	-
Proceeds from sales of equity instruments	551,440	-
	(3,099,032)	154,334
<b>Cash flows provided by financing activities</b>		
Shares issued for cash	-	1,019,500
Share issuance costs	-	(12,463)
Options exercised	87,000	15,000
Warrants exercised	50,837	-
Repayment of lease liability	(21,186)	(19,759)
Government loan payable	20,000	-
	136,651	1,002,278
<b>Effect of foreign exchange on cash</b>	-	(8,020)
<b>Change in cash during the period</b>	<b>(3,877,000)</b>	<b>547,655</b>
<b>Cash, beginning of the period</b>	<b>12,544,941</b>	<b>659,469</b>
<b>Cash, end of the period</b>	<b>8,667,941</b>	<b>1,207,124</b>

**Supplemental disclosure with respect to cash flows** (Note 16)

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



# KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Kenorland Minerals Ltd. (the "Company" or "Kenorland"), formerly Northway Resources Corp. ("Northway"), is the legal parent company of Kenorland Minerals North American Ltd. ("KNA"), formerly Kenorland Minerals Ltd. The Company was incorporated on May 29, 2018 under the Business Corporations Act of British Columbia. Its principal business activity is the acquisition and exploration of mineral properties. The head office of the Company is located at 310 – 119 West Pender Street, Vancouver B.C., V6B 1S5 and the registered and records office of the Company is located at 2080 – 777 Hornby Street, Vancouver B.C., V6Z 1S4. The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "KLD.V". In April 2021, the Company commenced trading on the Frankfurt Stock Exchange under the trading symbol "3WQ0". In August 2021, the Company commenced trading on the OTCQX under the trading symbol "NWRCF".

On December 31, 2020, the Company completed its reverse takeover transaction with KNA by way of plan of arrangement under the Business Corporations Act (British Columbia) (the "RTO"). Pursuant to the RTO, KNA was acquired by and became a wholly-owned legal subsidiary of Northway. As part of the RTO, on December 31, 2020, Northway changed its name to Kenorland Minerals Ltd. and KNA changed its name to 1265114 BC Ltd. (subsequently changed to Kenorland Minerals North America Ltd.).

Prior to completing the RTO, Northway consolidated its share capital, consisting of issued common shares, warrants and stock options, on the basis of one post-consolidation common share of Northway (each, a "Northway Share") for every seven common shares of Northway existing immediately before the consolidation (the "Consolidation"). The shareholders of KNA then exchanged their common shares of KNA for post-Consolidation Northway Shares on a one common share of KNA for two post-Consolidation Northway Shares. As a result of the RTO, the former shareholders of KNA acquired control of the Company. Likewise, all outstanding stock options and restricted share units of KNA were converted for stock options and restricted share units of Northway on the same basis. In addition, all Northway shares and warrants held by KNA prior to the RTO were cancelled without any repayment of capital. For accounting purposes, KNA is considered the acquirer and the Company, the acquiree. Accordingly, the consolidated financial statements are in the name of Kenorland Minerals Ltd.; however, they are a continuation of the financial statements of KNA (Note 4).

The Company's exploration and evaluation assets are at the exploration stage and are without a known body of commercial ore. The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation assets costs represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation assets costs is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2021, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and raise equity capital or borrowings sufficient to meet current and future obligations. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these condensed interim consolidated financial statements.

#### Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2020 and 2019.

These condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on November 26, 2021.

#### Basis of presentation

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

#### Basis of consolidation

The condensed interim consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Name	Jurisdiction	Percentage owned	
		September 30, 2021	December 31, 2020
1223437 B.C. Ltd.	Canada	100%	100%
Northway Resources Alaska Corporation	USA	100%	100%
1223615 B.C. Ltd.	Canada	0%	100%
Northway Napoleon Corporation	USA	0%	100%
Kenorland Minerals North America Ltd.	Canada	100%	100%
1118892 B.C. Ltd. ("1118892")	Canada	100%	100%
Kenorland Minerals USA Inc. ("KUSA")	USA	100%	100%
1255141 B.C. Ltd.	Canada	20%	100%
Kenorland Minerals Africa - CI	Ivory Coast	20%	0%
Koulou Gold Corp. ("Koulou Gold")	Canada	20%	0%

During the nine months ended September 30, 2021, the changes in the Company's ownership of Koulou Gold were as follows:

- In March 2021, the Company acquired 58% ownership of Koulou Gold by share purchases;
- In April 2021, the Company entered into a share purchase agreement whereby Koulou Gold acquired a 100% interest in 1255141 B.C. Ltd. (formerly Kenorland Minerals Africa Ltd.). As consideration, the Company received 5,000,000 shares of Koulou Gold for its 50% ownership in Kenorland Minerals Africa Ltd. The Company's interest in Koulou Gold decreased from 58% to 53%; and
- In September 2021, the ownership decreased from 53% to 20% as a result of a Koulou Gold share issuance for financing.

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Use of estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates and judgements as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, determination of functional currency, level of control or influence over companies, going concern, uncertainty of COVID-19 pandemic, and valuation of share-based compensation.

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

#### Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related 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, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

#### Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

#### Level of control or influence over companies

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting.

#### Going concern of operations

The 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 for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Use of estimates (continued)**

##### Uncertainty of COVID-19 pandemic

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies, and financial markets globally, leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm the Company's business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

##### Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

##### Valuation of investment in associated company

To value the investment in associated company, management obtains financial information from the majority owner and adjusts the carrying value of the investment. The investment is subject to all estimates included in the financial information from the majority owner as well as estimates of impairment losses.

#### **Foreign currency translation**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

#### **Standards issued or amended but not yet effective**

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

### 3. RECEIVABLES

	September 30, 2021	December 31, 2020
	\$	\$
Accounts receivable	228,551	62,898
Sales tax receivable	1,592,523	960,933
	<b>1,821,074</b>	<b>1,023,831</b>

### 4. REVERSE ACQUISITION

As described in Note 1, on December 31, 2020, pursuant to the RTO between Northway and KNA, Northway acquired all of the issued and outstanding shares of KNA. Prior to completing the Transaction, Northway consolidated its share capital on the basis of one post-consolidation common share of Northway (each, a "Northway Share") for every seven common shares of Northway existing immediately before the Consolidation. The shareholders of KNA then exchanged their common shares of KNA for post-Consolidation Northway Shares on a one common share of KNA for two post-Consolidation Northway Shares. Likewise, all outstanding stock options and restricted share units of KNA were converted for stock options and restricted share units of Northway on the same basis. In addition, all Northway shares and warrants held by KNA prior to the RTO were cancelled without any repayment of capital. As a result, the Company recorded a loss on cancellation of shares and warrants of \$1,035,378.

As a result, Northway issued 30,418,002 common shares to the former shareholders of KNA. Prior to the RTO, KNA had issued 10,000,000 subscription receipts for proceeds of \$10,000,000, which were held in escrow and released upon the completion of the RTO. Upon completion of the RTO, the Company issued 10,000,000 post-Consolidation common shares on the exercise of the subscription receipts.

The RTO constituted a reverse acquisition of Northway and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, Share-based Payment and IFRS 3, Business Combinations. As Northway did not qualify as a business according to the definition in IFRS 3, Business Combination, this reverse acquisition did not constitute a business combination; rather the transaction was accounted for as an acquisition by KNA of the net assets of Northway and its public listing. The fair value of the consideration paid (based on the fair value of the Northway shares, stock options and warrants just prior to the RTO) less the Northway net assets acquired, has been recognized as a listing expense in profit or loss for the year ended December 31, 2020.

For accounting purposes, KNA was treated as the accounting parent company (legal subsidiary) and Northway had been treated as the accounting subsidiary (legal parent) in these condensed interim consolidated financial statements. As KNA was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these condensed interim consolidated financial statements at their historical carrying values. The assets, liabilities and results of operations of Northway are included in these condensed interim consolidated financial statements from the date of the acquisition on December 31, 2020.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### 4. REVERSE ACQUISITION (continued)

The following represents the fair value of Northway net assets acquired as at December 31, 2020 as a result of the RTO:

	<b>Total</b>
<b>Cost of acquisition:</b>	<b>\$</b>
Shares retained by Northway shareholders - 5,055,135 shares at \$1	5,055,135
Fair value of Northway warrants retained	1,228,201
Fair value of Northway stock options retained	196,983
	<b>6,480,319</b>
<b>Allocated as follows:</b>	
Cash	532,057
Receivables	8,291
Prepaid expenses	45,781
Exploration and evaluation assets	1,651,084
Accounts payable and accrued liabilities	(172,826)
	<b>2,064,387</b>
Allocated to listing expense	4,415,932
	<b>6,480,319</b>

### 5. INVESTMENTS

#### Kingfisher Metals Ltd.

In April 2020, the Company acquired 500,000 shares of Kingfisher Metals Ltd. ("Kingfisher") at a value of \$0.10 per share in exchange for certain mineral claims owned by the Company that were previously expensed. The Company recognized a gain of \$50,000.

In June 2020, the Company acquired 1,000,000 shares of Kingfisher at a value of \$0.10 per share in exchange for certain mineral claims owned by the Company. Per the agreement, the Company will receive additional shares with a value of \$100,000 upon the date of the first anniversary date Kingfisher commences trading on the TSX-V. Kingfisher began trading on the TSX-V in March 2021, as a result, the Company recorded a gain on sale of mineral properties of \$100,000 during the nine months ended September 30, 2021.

During the nine month ended September 30, 2021, the Company sold 600,000 Kingfisher shares for total proceeds of \$295,852 and recorded a gain on sale of equity investments of \$97,852. As at September 30, 2021, the fair market value of the remaining 900,000 shares was \$468,000. During the nine months ended September 30, 2021, the Company recorded a net increase in fair value of investments of \$516,000.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### 5. INVESTMENTS (continued)

#### Urbangold Minerals Inc.

In June 2020, the Company acquired 1,200,000 units of Urbangold Minerals Inc. (“Urbangold”) at a price of \$0.125 per share for a total price of \$150,000. Each unit consisted of one share and one warrant with each warrant exercisable into one common share at an exercise price of \$0.20 per share for 3 years.

The warrants were valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

	For the nine months ended September 30,	
	2021	2020
Risk-free interest rate	0.53%	0.25%
Dividend yield	Nil	Nil
Expected life	1.7 years	2.7 years
Volatility	68%	130%

As at December 31, 2020, the Company recorded a net change in fair value of investments of \$331,317 for a total fair market value of \$282,000 and \$199,317 in relation to these shares and warrants, respectively. During the nine months ended September 30, 2021, the Company sold 1,200,000 Urbangold shares for total proceeds of \$255,588 and recorded a loss on sale of equity investments of \$26,412. In May 2021, Urbangold was acquired by Troilus Gold Corp. (“Troilus”) and as a result, the Company received 360,480 Troilus warrants (at a ratio of 0.3004) in exchange for 1,200,000 Urbangold warrants. As at September 30, 2021, the Troilus warrants are valued at \$96,132 and the Company recorded a net decrease in fair value of investments of \$103,185.

#### Superior Nickel Inc.

In June 2021, the Company acquired 2,665,000 shares of Superior Nickel Inc. (“Superior”) at a value of \$0.10 per share in exchange for certain mineral claims owned by the Company that were previously expensed. As a result, the Company recognized a gain of \$266,500. Superior also granted a 2% net smelter return royalty on these mineral claims. As at September 30, 2021, the fair market value of the shares was \$266,500.

#### J2 Metals Inc.

In August 2021, the Company closed the definitive purchase and sale agreement with J2 Metals Inc. (“J2 Metals”) and transferred the shares in its wholly owned subsidiary 1223615 B.C. Ltd., which indirectly owns a 100% interest in the Napoleon Project to J2 Metals. In exchange, the Company received 8,107,480 shares of J2 Metals with a fair value of \$810,748. As at September 30, 2021, the fair market value of the shares was \$810,748.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

### 6. INVESTMENT IN ASSOCIATE

#### Prospector Royalty Corp.

In February 2021, the Company acquired a 45% interest in Prospector Royalty Corp. ("Prospector") by paying \$45,000. In August 2021, Gold Royalty Corp. subscribed for 12.5% of Prospector for \$2,000,000. As a result, the Company recorded a dilution gain of \$782,997 representing the increase of net assets in Prospector.

A reconciliation of the Company's investment in Prospector is as follows:

	<b>\$</b>
Initial investment	45,000
Dilution gain	782,997
Equity loss	(10,888)
<b>Balance as at September 30, 2021</b>	<b>817,109</b>

#### Koulou Gold Corp.

In March 2021, the Company acquired 1,000,000 shares of Koulou Gold from two arm's length third parties for \$30,000 and subscribed for 3,000,000 shares at a price of \$0.05 per share for a total price of \$150,000. In April 2021, the Company entered into a share purchase agreement whereby Koulou Gold acquired a 100% interest in 1255141 B.C. Ltd. As consideration, the Company received 5,000,000 shares of Koulou Gold for its 50% ownership in 1255141 B.C. Ltd. The Company's interest in Koulou Gold decrease from 58% to 53% and the Company maintained control over the key operating activities of Koulou Gold. As a result of the sale of 1255141 B.C. Ltd., the Company recorded loss on consolidation of \$26,326.

In September 2021, Koulou Gold issued additional shares through a private placement that diluted the Company's ownership of Koulou Gold from 53% to 20%, which led to a loss of control and deconsolidation of Koulou Gold from the Company's financial statements. During the nine months ended September 30, 2021, the Company recognized a gain on deconsolidation of \$830,828. The Company retained significant influence over Koulou Gold, resulting in Koulou Gold being recorded on the Company's financial statements as an investment in associate. The gain on deconsolidation was calculated as a result of recognizing the net assets of Koulou Gold, recognizing the non-controlling interest and recognizing the fair value of the investment in associate.

The calculation for the investment in associate is as follows:

	<b>Amount</b>
Share price of Koulou Gold as at September 9, 2021	\$ 0.10
Number of Koulou Gold shares owned by the Company as at September 9, 2021	9,000,000
<b>Initial recognition of the investment in associate on September 9, 2021</b>	<b>\$ 900,000</b>

A reconciliation of the Company's investment in Koulou Gold as an investment in associate is as follows:

	<b>Amount</b>
Initial recognition	\$ 900,000
Dilution loss	(350,679)
Equity loss	(15,172)
<b>Balance as at September 30, 2021</b>	<b>\$ 534,149</b>



**KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

**7. EXPLORATION AND EVALUATION ASSETS**

The Company's costs and expenditures for the years related to exploration and evaluation of mineral properties are as follows:

	<b>Chicobi</b>	<b>Frotet</b>	<b>Lac Fagnant</b>	<b>Chebistuan</b>	<b>O'Sullivan</b>	<b>Miniac</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, December 31, 2019</b>	<b>94,297</b>	<b>196,014</b>	<b>13,156</b>	<b>145,622</b>	<b>-</b>	<b>-</b>
Acquisition costs	-	100,000	-	80,800	-	-
Exploration expenditures:						
Assays	229,951	355,967	410	240,078	58,749	160,480
Staking and claim maintenance	9,852	3,098	3,454	63,992	54,788	-
Consulting and personnel	639,836	917,072	227	338,399	151,946	252,611
Drilling	824,314	1,035,578	-	5,572	-	281,729
Geophysics and geological	-	348,987	720	45,784	32,750	-
Site development	20,530	146,654	-	-	-	32,382
Supplies and fuel	174,493	147,649	-	30,666	25,193	72,656
Travel, camp and accommodation	60,113	752,771	-	49,625	28,608	20,206
	1,959,089	3,807,776	4,811	854,916	352,034	820,064
Contribution received from optionees	(1,963,461)	(3,807,777)	-	(700,000)	-	(810,814)
Refundable mining tax credit	(7,819)	(13,109)	-	-	-	-
Disposition of mineral property	-	-	-	-	-	-
Reallocation of excess funding on termination of agreement	-	-	-	-	-	-
<b>Balance, December 31, 2020</b>	<b>82,106</b>	<b>182,904</b>	<b>17,967</b>	<b>300,538</b>	<b>352,034</b>	<b>9,250</b>

**KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

**7. EXPLORATION AND EVALUATION ASSETS (continued)**

	Hunter	Talbot Lake	Thibert	Total Canada	Tanacross	Healy	Napoleon	Total USA	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2019</b>	-	-	72,263	521,352	546,333	-	-	546,333	1,067,685
Acquisition costs	10,000	-	-	190,800	-	1,483,436	167,648	1,651,084	1,841,884
Exploration expenses									
Assays	-	-	22	1,045,657	43,772	-	-	43,772	1,089,429
Staking and claim maintenance	41,070	-	-	176,254	120,809	-	-	120,809	297,063
Consulting and personnel	3,033	1,850	-	2,304,974	175,747	-	-	175,747	2,480,721
Drilling	-	-	-	2,147,193	274,354	-	-	274,354	2,421,547
Geophysics and geological	-	-	-	428,241	56,385	-	-	56,385	484,626
Site development	-	-	-	199,566	3,192	-	-	3,192	202,758
Supplies and fuel	-	-	-	450,657	195,680	-	-	195,680	646,337
Travel, camp and accommodation	-	-	-	911,324	68,469	-	-	68,469	979,792
	54,103	1,850	22	7,854,665	938,408	1,483,436	167,648	2,589,492	10,444,157
Contribution received from optionees	-	-	-	(7,282,052)	(804,467)	-	-	(804,467)	(8,086,519)
Refundable mining tax credit	-	-	-	(20,928)	-	-	-	-	(20,928)
Disposition of mineral property	-	-	(72,285)	(72,285)	-	-	-	-	(72,285)
Reallocation of excess funding on termination of agreement	-	-	-	-	(55,607)	-	-	(55,607)	(55,607)
<b>Balance, December 31, 2020</b>	<b>54,103</b>	<b>1,850</b>	<b>-</b>	<b>1,000,752</b>	<b>624,667</b>	<b>1,483,436</b>	<b>167,648</b>	<b>2,275,751</b>	<b>3,276,503</b>

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

### 7. EXPLORATION AND EVALUATION ASSETS (continued)

	Chicobi	Frotet	Lac Fagnant	Chebistuan	O'Sullivan	Miniac	Hunter	Talbot Lake	Rupert
<b>Balance as at December 31, 2020</b>	<b>82,106</b>	<b>182,904</b>	<b>17,967</b>	<b>300,538</b>	<b>352,034</b>	<b>9,250</b>	<b>54,103</b>	<b>1,850</b>	<b>-</b>
Acquisition costs	-	150,000	-	-	-	-	-	-	-
Exploration expenditures:									
Assays	112,674	457,277	-	58,557	279	-	7,390	-	43,377
Staking and claim maintenance	45,470	5,416	40	1,711	40	2,933	200	19,196	194,831
Consulting and personnel	242,831	3,063,315	-	211,250	11,500	4,309	12,391	-	333,380
Drilling	228,092	3,070,283	-	-	-	-	28,865	-	-
Geophysics and geological	26,840	403,164	-	-	-	-	171,618	7,500	99,535
Helicopter and fixed wing	-	28,987	-	55,913	-	-	-	-	120,461
Site development	5,884	14,857	-	-	-	-	1,000	-	-
Supplies and fuel	68,720	629,334	-	8,678	-	514	2,932	-	34,946
Travel, camp and accommodations	17,171	667,980	-	33,844	-	-	2,159	-	54,998
	747,682	8,490,613	40	369,953	11,819	7,756	226,555	26,696	881,528
Contribution received from optionees	(747,683)	(2,292,216)	-	(416,340)	-	(7,756)	-	-	(350,000)
Contribution from joint venture partner	-	(4,958,717)	-	-	-	-	-	-	-
Refundable mining tax credit	-	-	-	(39,442)	(115,183)	-	(1,175)	-	-
Consideration received	-	-	-	(50,000)	-	(181,361)	-	-	(200,000)
Elimination of subsidiary	-	-	-	-	-	-	-	-	-
Gain on sale of mineral properties	-	-	-	-	-	172,111	-	-	5,929
<b>Balance as at September 30, 2021</b>	<b>82,105</b>	<b>1,422,584</b>	<b>18,007</b>	<b>164,709</b>	<b>248,670</b>	<b>-</b>	<b>279,483</b>	<b>28,546</b>	<b>337,457</b>

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

### 7. EXPLORATION AND EVALUATION ASSETS (continued)

	Thibert	South Uchi	Total Canada	Tanacross	Healy	Napoleon	Total USA	Sakassou, Ivory Coast	Total
<b>Balance as at December 31, 2020</b>	-	-	<b>1,000,752</b>	<b>624,667</b>	<b>1,483,436</b>	<b>167,648</b>	<b>2,275,751</b>	-	<b>3,276,503</b>
Acquisition costs	-	57,142	<b>207,142</b>	-	-	-	-	<b>120,855</b>	<b>327,997</b>
Exploration expenditures:									
Assays	-	-	<b>679,554</b>	9,519	57,772	1,266	<b>68,557</b>	<b>55,109</b>	<b>803,220</b>
Staking and claim maintenance	-	161,600	<b>431,437</b>	-	-	-	-	-	<b>431,437</b>
Consulting and personnel	-	14,726	<b>3,893,703</b>	197,817	677,105	-	<b>874,922</b>	-	<b>4,768,625</b>
Drilling	-	-	<b>3,327,240</b>	18,306	1,431,441	-	<b>1,449,747</b>	-	<b>4,776,987</b>
Geophysics and geological	-	60,050	<b>768,707</b>	196,629	20,634	-	<b>217,263</b>	-	<b>985,970</b>
Helicopter and fixed wing	-	-	<b>205,361</b>	60,827	1,119,936	-	<b>1,180,763</b>	-	<b>1,386,124</b>
Site development	-	-	<b>21,741</b>	804	1,362	-	<b>2,166</b>	-	<b>23,907</b>
Supplies and fuel	-	226	<b>745,350</b>	161,783	409,698	-	<b>571,481</b>	-	<b>1,316,831</b>
Travel, camp and accommodations	-	-	<b>776,152</b>	89,199	494,779	-	<b>583,978</b>	-	<b>1,360,130</b>
	-	293,745	<b>11,056,386</b>	<b>734,884</b>	<b>4,212,727</b>	<b>1,266</b>	<b>4,948,877</b>	<b>175,964</b>	<b>16,181,227</b>
Contribution received from optionees	-	-	<b>(3,813,995)</b>	-	-	-	-	-	<b>(3,813,995)</b>
Contribution from joint venture partner	-	-	<b>(4,958,717)</b>	-	-	-	-	-	<b>(4,958,717)</b>
Refundable mining tax credit	-	-	<b>(155,800)</b>	-	-	-	-	-	<b>(155,800)</b>
Consideration received	-	-	<b>(431,361)</b>	-	-	(810,748)	<b>(810,748)</b>	-	<b>(1,242,109)</b>
Elimination of subsidiary	-	-	-	-	-	-	-	<b>(175,964)</b>	<b>(175,964)</b>
Gain on sale of mineral properties	-	-	<b>178,040</b>	-	-	641,834	<b>641,834</b>	-	<b>819,874</b>
<b>Balance as at September 30, 2021</b>	-	<b>293,745</b>	<b>2,875,305</b>	<b>1,359,551</b>	<b>5,696,163</b>	-	<b>7,055,714</b>	-	<b>9,931,019</b>

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### **7. EXPLORATION AND EVALUATION ASSETS (continued)**

#### **Chicobi Property, Quebec, Canada**

The Company holds a 100% interest in mining claims located 30 kilometers northeast of the town of Amos, Quebec.

In February 2019, the Company entered into an earn in and joint venture exploration agreement with Sumitomo Metal Mining Canada Limited ("SMCL"). Under the agreement, SMCL can earn up to a 70% interest in the Chicobi Property by making exploration expenditures as follows:

- a) to acquire an undivided 51% interest, SMCL must fund an aggregate of \$4.9 million in expenditures on the Chicobi Property on or before May 31, 2022 (incurred \$4.21 million).
- b) to acquire an additional undivided 19% interest (for a total undivided interest of 70%), SMCL must, within 90 days following the completion of acquiring 51% interest, notify the Company that they will fund an aggregate of an additional \$10 million in expenditures on the property within the three year time period.

As at September 30, 2021, the excess funding received of \$71,450 (December 31, 2020 - \$185,572) has been allocated to advances received.

#### **Frotet Property, Quebec, Canada**

The property is located north of Chibougamau, Quebec and was acquired by nominal staking costs and a payment of \$6,000 to an arm's length vendor.

In April 2018, the Company entered in an earn in and joint venture exploration agreement with SMCL. Under the agreement, SMCL can earn up to an 80% interest in the Frotet Property by making exploration expenditures as follows:

- a) to acquire an undivided 65% interest, SMCL must fund an aggregate of \$4.3 million in expenditures on the Frotet Property on or before April 17, 2021 (funded).
- b) to acquire an additional undivided 15% interest (for a total undivided interest of 80%), SMCL must, within 90 days following the completion of acquiring 65% interest, notify the Company that they will fund an aggregate of an additional \$4 million in expenditures on the property within the one year time period (funded). SMCL notified the Company and will fund an aggregate of an additional \$4 million in expenditures on the property

In April 2021, SMCL completed the earn in of an 80% interest by funding an aggregate of \$8.3 million in expenditures on the Frotet Property. The Company and SMCL will fund future exploration expenditures based on a 20/80 basis and the Company will remain the operator.

As at September 30, 2021, the excess funding received of \$1,994,749 (December 31, 2020 - \$1,073,830) has been allocated to advances received.

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### **7. EXPLORATION AND EVALUATION ASSETS (continued)**

#### **Chebistuan Property, Quebec, Canada**

During the year ended December 31, 2019, the Company staked claims within the Treve Region of Quebec.

In July 2020, the Company entered into an option agreement with G.L. Geoservice Inc. and another individual ("Optionors") for a property located in Quebec. Under the agreement, the Company has the option to acquire a 100% interest in the property by making aggregate payments of \$600,000 and incur aggregate exploration expenditures of \$1,000,000 over a four-year period from the date of the option agreement.

In January 2021, the Company terminated the option agreement with G.L. Geoservice Inc. and another individual.

In July 2020, the Company entered into an exploration with venture option agreement with Newmont Corporation ("Newmont"). Under the agreement, the Company is the operator, which can charge operator fees based on costs incurred, until the completion of Newmont acquiring the 51% interest in the property. In order to acquire the 51% interest, Newmont must:

- i. advance the Company a minimum of \$700,000 in qualifying expenditures to complete the geochemical sampling work (advanced);
- ii. pay the Company an annual cash payment of \$50,000 on the first (received) and second anniversary of completion and approval of the geochemical sampling work; and advance the Company an additional \$2,000,000 in qualifying expenditures.

As at September 30, 2021, the excess funding received of \$128,660 (December 31, 2020 - \$nil) has been allocated to advances received.

#### **O'Sullivan Property, Quebec, Canada**

During the year ended December 31, 2020, the Company staked claims within the Miquelon Region of Quebec.

#### **Miniac Property, Quebec, Canada**

During the year ended December 31, 2020 the Company staked claims within the Miniac Region of Quebec.

In August 2020, the Company entered into a purchase and sale agreement with J2 Metals to sell certain mineral claims in Quebec in exchange for a 15% interest of J2 Metals and a net smelter return royalty of 2%. Prior to closing of the transaction, J2 Metals is required to raise a minimum of \$1,000,000 to fund exploration expenditures on the property. The Company is acting as the operator and is entitled to charge J2 Metals operator fees based on costs incurred in account of exploration on the Miniac Property.

In August 2021, the Company entered into an amending agreement with J2 Metals in connection to the Miniac Property to decrease the exploration expenditure requirement from \$1,000,000 to \$816,000 and removed the ownership interest consideration of J2 Metals. J2 Metals was deemed to have met the exploration expenditures requirement and the Company will keep the advances received. As a result, the Company closed the transaction with J2 Metals and transferred the Miniac Property to J2 Metals. As a result of the sale, the Company recorded a gain on sale of mineral properties of \$172,111.

#### **Hunter Property, Quebec, Canada**

In August 2020, the Company entered into a sale and transfer agreement to purchase 100% interest in certain mineral titles located in Quebec from two individuals for a total purchase price of \$10,000. The sale and transfer agreement subjects to a net smelter return royalty of 1.5%.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### 7. EXPLORATION AND EVALUATION ASSETS (continued)

#### Talbot Lake Property, Manitoba, Canada

During the year ended December 31, 2020 the Company staked claims located in Manitoba.

#### Rupert Lithium Property, Quebec, Canada

During the nine months ended September 30, 2021, the Company staked claims located near James Bay, Quebec (the "Rupert Property").

In July 2021, the Company entered into an option agreement with Li-FT Power Ltd. ("Li-FT"), a private British Columbia company pursuant to which Li-FT has been granted the sole and exclusive option to acquire a 100% interest in and to the Rupert Property.

In order to exercise the option, Li-FT will make aggregate cash payments of \$200,000 (received) and issue common shares representing 10% of the issued and outstanding shares of Li-FT at the time of closing and from time to time until the shares of Li-FT are directly or indirectly listed on a recognized stock exchange in North America, Australia or the United Kingdom. Upon the exercise of the option, Kenorland will be granted a 2% net smelter return royalty on the Rupert Property. The parties will also enter into an operating agreement whereby Kenorland will be engaged by Li-FT to operate the Property for an initial two year term.

#### South Uchi Property, Ontario, Canada

During the nine months ended September 30, 2021, the Company staked claims located within the Birch-Uchi greenstone Belt, in the Red Lake district of Northwestern Ontario (the "South Uchi Property").

In April 2021, the Company entered into an option agreement to acquire 100% interest in the property located in Ontario, Canada by completing the following:

	<b>Cash payment (\$)</b>	<b>Common shares (\$)</b>
April 29, 2021	(paid) 25,000	(issued) 25,000
On or before April 29, 2022	50,000	50,000
On or before April 29, 2023	100,000	100,000
<b>Total Requirement</b>	<b>175,000</b>	<b>175,000</b>

Upon the exercise of the option, Kenorland will also grant to the optionor a 2% net smelter return royalty on the property, of which one-half (1%) may be purchased by Kenorland at any time for an aggregate payment of \$1,000,000 which may be paid in cash or through the issuance of common shares of Kenorland, at the discretion of the optionor.

In September 2021, the Company entered into a property option agreement (the "Barrick Option Agreement") with a wholly-owned subsidiary of Barrick Gold Corporation ("Barrick"). Under the agreement, Barrick has the option to acquire up to an 80% interest in the South Uchi Property.

Pursuant to the Barrick Option Agreement, Barrick can earn an initial 70% interest in the South Uchi Property by incurring an aggregate of \$6,000,000 in mineral exploration expenditures on or before the sixth anniversary of the Barrick Option Agreement (of which \$3,000,000 are guaranteed expenditures within the first three years) and deliver a technical report in respect of the South Uchi Property that establishes a mineral resource of at least one million ounces of gold prepared in accordance with the requirements of National Instrument 43-101 of the Canadian Securities Administrators. As part of its exploration expenditures, Barrick will reimburse the Company for its sunk costs (\$50,000 received subsequently) in relation to the South Uchi Property and its costs incurred in exercising an underlying option that comprises part of the South Uchi Property.

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### **7. EXPLORATION AND EVALUATION ASSETS (continued)**

#### **Tanacross Property, Alaska, USA**

The property is located northeast of Tok, Alaska and was acquired by staking and a payment of \$20,000 to an arm's length vendor in June 2017.

#### **Healy Property, Alaska, USA**

The Company acquired the Healy Property located in Fairbanks Recording District, Alaska, USA. Pursuant to the option agreement with Newmont effective July 2018, the Company is entitled to acquire a 70% interest in the Healy Property upon incurring aggregate expenditures of US\$4,000,000 on the property during the Phase 1 period of the contribution. In September 30, 2021, the Company completed the Phase 1 earn-in.

Upon completing the Phase 1 earn-in requirement on the Healy Property, the value of the Company's initial contribution shall be US\$4,000,000 (70% interest) and the value of optionor's initial contribution shall be US\$1,715,000 (30% interest). From and after the date on which the Company completes the Phase 1 earn-in requirement on the Healy Property, the Company and the optionor shall fund an adopted program on a pro-rata basis in accordance with their respective participating interests.

#### **Napoleon Property, Alaska, USA**

The Company holds a 100% interest in mining claims located in Fortymile District, Alaska, USA (the "Napoleon Property").

The Napoleon Property is subject to an annual advance royalty payment of US\$1,000 and net smelter returns royalties of 0.5% and 1%, respectively, on the Napoleon Property and areas of interest. One-half of the 0.5% net smelter returns royalty may be acquired by the Company at any time, for a one-time payment of US\$500,000 and one-half of the 1% net smelter returns royalty may be acquired by the Company at any time, for a one-time payment of US\$1,000,000.

In February 2021, the Company entered into a definitive purchase and sale agreement with J2 Metals for the sale of the Napoleon Project. Pursuant to the terms of the agreement, at closing, Kenorland will transfer the shares in its wholly owned subsidiary 1223615 B.C. Ltd., which indirectly owns a 100% interest in the Napoleon Project, to J2 Metals in exchange for:

- i. 15% of the issued and outstanding shares in J2 Metals on a fully diluted basis;
- ii. a 1% net smelter returns royalty on the Napoleon Project; and \$500,000 in committed expenditures on the Napoleon Project by J2 Metals within 12 months of the effective date pursuant to an operator services agreement in which Kenorland acts as operator on market standard fees.

In August 2021, the Company closed the definitive purchase and sale agreement with J2 Metals and transferred the shares in its wholly owned subsidiary 1223615 B.C. Ltd., which indirectly owns a 100% interest in the Napoleon Project to J2 Metals. In exchange, the Company received 8,107,480 shares of J2 Metals with a fair value of \$810,748. As a result of the sale, the Company recorded a gain on sale of mineral properties of \$641,834.



## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### 7. EXPLORATION AND EVALUATION ASSETS (continued)

#### Sakassou Property, Ivory Coast

In June 2020, the Company's subsidiary, Koulou Gold, entered into a property earn-in agreement with Global Mineraie SA., ("GMSA") to acquire up to 100% of a property located in the Bouafle greenstone belt in Ivory Coast (the "Sakassou Property"). The Company is entitled to acquire a 100% interest in the Sakassou Property upon completion of making aggregate cash payment totaling US\$5,600,000, making cash payment of US\$66,000 to a third party vendor for outstanding trench assay results, issuing US\$500,000 in Koulou Gold shares, and incurring US\$10 million in exploration expenditures. Upon completion of the earn-in agreement, the Company will also grant GMSA a 2% net smelter return royalty on the Sakassou Property, of which one-half (1%) may be purchased by the Company at any time for an aggregate payment of \$5,000,000.

In September 2021, the Company no longer held a controlling interest in Koulou Gold; as such, the Sakassou Property was no longer consolidated into the accounts of the Company

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	December 31, 2020
	\$	\$
Accounts payable	2,164,679	321,551
Accrued liabilities	700,331	741,299
Payroll taxes payable	15,093	46,370
Refundable mining tax credit payable to SMCL	1,981,349	1,253,360
	<b>4,861,452</b>	<b>2,362,580</b>

### 9. GOVERNMENT LOANS PAYABLE

As at September 30, 2020, the Company and one of its subsidiaries have applied and received two loans - \$60,000 and \$40,000, respectively, from the federal government of Canada under the Canada Emergency Business Account ("CEBA") program. If both loans are fully repaid by December 31, 2022, a total of \$30,000 will be forgiven. If each loan is not fully paid back to the federal government by December 31, 2022, each loan will incur 5% interest during the remaining term of the loans ending on December 31, 2025, the date by which the loans must be fully repaid. The Company intends to pay back the CEBA loans by December 2022.

### 10. SHARE CAPITAL AND RESERVES

#### Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### 10. SHARE CAPITAL AND RESERVES (continued)

#### Issued share capital

During the nine months ended September 30, 2021:

- a) The Company issued 710,000 common shares in connection with the exercise of stock options for proceeds of \$87,000. The Company reallocated \$63,856 from reserves to share capital in connection with the exercise of these options.
- b) The Company issued 72,622 common shares in connection with the exercise of warrants for proceeds of \$50,837. The Company reallocated \$35,912 from reserves to share capital in connection with the exercise of these warrants.
- c) The Company issued 35,714 common shares in connection to the property option agreements for the South Uchi Property valued at \$32,143 (Note 7).

As at September 30, 2021, the Company has 14,605,136 shares subject to escrow pursuant to the requirements of the TSX-V, which will be released through December 2023.

#### Stock options

The Company's incentive plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 8,278,294 shares at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

In February 2021, the Company granted 740,000 stock options with a total value of \$520,377 to directors, employees and consultants of the Company. All options granted are exercisable at a price of \$1.00 per share for a period of five years. The options vest 25% immediately followed by 25% every 6 months thereafter.

During the nine months ended September 30, 2021, the Company recognized share-based compensation of \$580,663 (September 30, 2020 - \$285,912). In addition, the Company cancelled 200,000 stock options and reclassified \$19,414 attributed to these stock options from reserves to deficit.

The following weighted average assumptions were used in the Black-Scholes option-pricing model for the valuation of the stock options granted:

	For the nine months ended September 30,	
	2021	2020
Risk-free interest rate	0.73%	1.07%
Dividend yield	Nil	nil
Expected life	5 years	5 years
Volatility	125%	100%
Weighted average fair value per option granted	\$0.70	\$0.35

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

### 10. SHARE CAPITAL AND RESERVES (continued)

#### Stock options (continued)

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
		\$
Balance, December 31, 2019	3,700,000	0.13
Granted	3,300,000	0.25
Exercised	(200,000)	0.075
Northway options pursuant to RTO	249,997	0.70
Balance, December 31, 2020	7,049,997	0.21
Granted	740,000	1.00
Exercised	(710,000)	0.12
Cancelled	(200,000)	0.25
<b>Balance, September 30, 2021</b>	<b>6,879,997</b>	<b>0.30</b>

A summary of the stock options outstanding and exercisable at September 30, 2021 is as follows:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price	Expiry Date
		\$	
800,000	800,000	0.075	October 19, 2023
249,997	249,997	0.70	August 22, 2024
200,000	133,333	0.25	September 15, 2024
140,000	140,000	0.075	October 2, 2024
700,000	700,000	0.15	December 1, 2024
3,250,000	1,050,000	0.25	March 2, 2025
800,000	800,000	0.15	July 1, 2025
740,000	370,000	1.00	February 4, 2026
<b>6,879,997</b>	<b>4,243,330</b>		

As at September 30, 2021, the Company has 2,145,000 options subject to escrow pursuant to the requirements of the TSX-V, which will be released through December 2023.

#### Restricted share units

The Company adopted an incentive plan for its directors, officers, employees, and consultants, under which it is authorized to grant a maximum of 1,000,000 common shares reserved for issuance for restricted share units ("RSUs") under the incentive plan. Upon vesting, the holder of an RSU award can elect to receive one common share or the equivalent cash payment based on the market price of the common share on settlement.

During the nine months ended September 30, 2021, the Company recorded share-based compensation expense of \$249,088 (September 30, 2020 - \$68,750). As at September 30, 2021, the fair value of the RSUs was \$680,000 (December 31, 2020 - \$1,000,000) and the Company recorded a RSU liability of \$455,401 (December 31, 2020 - \$420,620).

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

### 10. SHARE CAPITAL AND RESERVES (continued)

#### Restricted share units (continued)

RSU transactions are summarized as follows:

	Number of RSUs
Balance, December 31, 2019	1,100,000
Exercised	(100,000)
<b>Balance, December 31, 2020 and September 30, 2021</b>	<b>1,000,000</b>

The RSUs will be vested on September 27, 2022.

#### Share purchase warrants

During the nine months ended September 30, 2021, 178,236 warrants expired unexercised, as a result, the Company reclassified \$88,372 attributed to these warrants from reserves to deficit.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, December 31, 2019	-	-
Northway warrants pursuant to RTO	1,679,423	0.70
Issued	197,410	1.00
<b>Balance, December 31, 2020</b>	<b>1,876,833</b>	<b>0.73</b>
Exercised	(19,571)	0.70
Expired	(178,236)	0.70
<b>Balance, September 30, 2021</b>	<b>1,625,975</b>	<b>0.74</b>

A summary of the warrants outstanding and exercisable at September 30, 2021 is as follows:

Number of Warrants	Exercise Price	Expiry Date
	\$	
197,410	1.00	December 31, 2022
428,571	0.70	September 15, 2023
999,994	0.70	March 19, 2024
<b>1,625,975</b>		

As at September 30, 2021, the Company has 428,585 warrants subject to escrow pursuant to the requirements of the TSX-V, which will be released through August 2022.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021

(Expressed in Canadian Dollars - Unaudited)

### 11. EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Numerator				
Net income attributable to shareholders	\$ 2,515,555	\$ 356,357	\$ 2,016,663	\$ 306,864
Denominator				
For basic-weighted average number of common shares outstanding	46,275,519	30,418,002	46,044,632	28,971,815
Effect of dilutive stock options, warrants and RSUs	5,550,459	1,620,000	5,969,416	1,620,000
For diluted weighted average number of common shares outstanding	51,825,978	32,038,002	52,014,048	30,571,815
Earnings per common share				
Basic and diluted	\$ 0.05	\$ 0.02	\$ 0.04	\$ 0.02

### 12. RELATED PARTY TRANSACTIONS

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers and related companies.

	For the nine months ended September 30,	
	2021	2020
	\$	\$
Salaries and fees	283,500	300,000
Share-based compensation	521,627	290,287
	<b>805,127</b>	<b>590,287</b>

During the nine months ended September 30, 2021, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

- i. Paid consulting fees of \$nil (September 30, 2020 - \$7,150) to a company controlled by an officer which was capitalized to exploration and evaluation assets.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

---

### 13. NON-CONTROLLING INTEREST

In September 2021, Koulou Gold completed a private placement that diluted the Company's ownership in Koulou Gold from 53% to 20%, which lead to a loss of control and deconsolidation of Koulou Gold from the Company's financial statements (Note 6).

The following table presents the changes in equity attributable to the non-controlling interest in Koulou Gold:

	\$
Initial recognition of non-controlling interest of Koulou Gold (Note 6)	120,147
Change in non-controlling interest as a result of increase in ownership of non-controlling interest (Note 6)	14,130
Share of comprehensive loss for the period	(73,836)
Deconsolidation of Koulou Gold	(60,441)
<b>Balance, September 30, 2021</b>	<b>-</b>

### 14. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The fair value of the Company's receivables, accounts payable and accrued liabilities, advances received, and government loans payable approximates their carrying values. The Company's cash, investments in common shares and RSU liability are measured at fair value using Level 1 inputs. The Company's investments in warrants are measured at fair value using Level 3 inputs while investments in private company common shares are measured at fair value using Level 2 inputs. The carrying value of the Company's lease liabilities is measured at the present value of the discounted future cash flows.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at September 30, 2021, the Company had a foreign currency net monetary liability position of approximately US\$261,000. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$26,100.

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021

(Expressed in Canadian Dollars - Unaudited)

---

### **14. FINANCIAL INSTRUMENTS (continued)**

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held in a large Canadian financial institution. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's sales tax receivable is due from the Government of Canada and Revenu Quebec therefore, the credit risk exposure is low.

As at September 30, 2021, the maximum exposure to credit risk is the carrying value of the trade accounts receivable. The Company has not provided for an expected credit loss as management believes the receivables are fully collectible.

c) Interest rate risk

The Company has cash balances and minimal interest-bearing government loans payable. The Company's current policy is to invest excess cash 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 banks or credit unions.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board are actively involved in the review, planning, and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

e) Commodity Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold. The Company monitors metals prices to determine the appropriate course of action to be taken.

f) Market price risk

Market price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

### **15. CAPITAL MANAGEMENT**

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the period.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021  
(Expressed in Canadian Dollars - Unaudited)

### 16. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the nine months ended September 30,	
	2021	2020
	\$	\$
Supplemental non-cash disclosures		
Exploration and evaluation asset in accounts payable	2,741,425	52,530
Exploration and evaluation asset in receivables	-	4,592
Recognition of right-of-use asset and lease liabilities	-	18,937
Reallocation of excess funding from the Tanacross project	-	55,607
Shares issued for exploration and evaluation assets	32,143	-
Options exercised	63,856	9,404
Warrants exercised	35,912	-
Options cancelled	19,414	-
Warrants expired	88,372	-
Acquisition of investment in equity instrument	-	150,000
Value of shares received on sale of mineral properties	-	150,000

### 17. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of mineral properties. Geographic information is as follows:

	As at September 30, 2021		
	Canada	USA	Total
	\$	\$	\$
Exploration and evaluation assets	2,925,305	7,055,714	9,981,019
Equipment	11,044	-	11,044
Right-of-use asset	18,373	-	18,373
	2,954,722	7,055,714	10,010,436

  

	As at December 31, 2020		
	Canada	USA	Total
	\$	\$	\$
Exploration and evaluation assets	1,000,752	2,275,751	3,276,503
Equipment	13,937	-	13,937
Right-of-use asset	32,152	-	32,152
	1,046,841	2,275,751	3,322,592

### 18. SUBSEQUENT EVENT

In November 2021, the Company closed the strategic investment by SMCL and issued 5,211,945 common shares to SMCL at a price of \$1.00 per share for aggregate gross proceeds of \$5,211,945.