Condensed interim consolidated financial statements of

BeMetals Corp.

Three and six months ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of BeMetals Corp. (“BeMetals” or the “Company”) have been prepared by and are the responsibility of the Company’s management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these condensed interim consolidated financial statements.

BeMetals Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)
(Unaudited)

	As at June 30, 2022	As at December 31, 2021
Assets		
Current assets		
Cash	**$ 3,564,492**	$ 6,370,369
Term deposit	**28,750**	28,750
Amounts receivable	**102,364**	156,282
Prepaids	**19,268**	53,877
	3,714,874	6,609,278
Exploration advances (Note 6)	**686,940**	507,141
Investments (Note 7)	**260,941**	459,578
Exploration and evaluation assets (Notes 5,6)	**26,673,805**	24,386,119
Option - South Mountain (Note 4)	**4,020,765**	4,020,765
Total assets	**$ 35,357,325**	$ 35,982,881
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	**$ 350,430**	$ 135,440
	350,430	135,440
Shareholders' equity		
Share capital (Note 8)	**40,905,494**	40,905,494
Equity reserves	**3,737,390**	3,400,914
Deficit	**(9,635,989)**	(8,458,967)
Total shareholders' equity	**35,006,895**	35,847,441
Total liabilities and shareholders' equity	**$ 35,357,325**	$ 35,982,881

Nature of operations and liquidity risk (Note 1)
Subsequent events (Note 9)

Approved by the Board of Directors on August 25, 2022:

"Mark Connelly" Director

"John Wilton" Director

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

BeMetals Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Expenses				
Consulting	**$ 31,399**	$ 15,000	**$ 65,531**	$ 33,534
Foreign exchange (gain) / loss	**(58,472)**	(34,795)	**(12,645)**	(24,000)
Marketing	**38,258**	26,135	**59,052**	50,740
Office and administration	**37,703**	52,371	**97,024**	77,054
Professional fees	**45,056**	28,387	**64,798**	53,264
Regulatory and transfer agent	**10,958**	11,679	**25,448**	24,362
Fees and salaries (Note 9)	**194,625**	133,287	**391,484**	231,584
Share-based compensation (Notes 8,9)	**207,886**	616,782	**448,891**	658,868
Travel	**32,730**	9,131	**55,658**	10,810
	(540,144)	(857,977)	**(1,195,241)**	(1,116,216)
Finance income	**11,847**	11,111	**18,219**	13,938
Loss	**(528,297)**	(846,866)	**(1,177,022)**	(1,102,278)
Other comprehensive loss				
Unrealized loss on investments (Note 7)	**(17,095)**	(81,151)	**(198,637)**	(118,868)
Other comprehensive loss	**(17,095)**	(81,151)	**(198,637)**	(118,868)
Comprehensive loss	**$ (545,392)**	$ (928,017)	**$ (1,375,659)**	$ (1,221,146)
Basic and diluted loss per share	**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	**177,352,545**	164,361,333	**177,352,545**	144,527,727

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

BeMetals Corp.

Condensed Interim Consolidated Statements of Shareholders’ Equity

(Expressed in Canadian dollars)
(Unaudited)

	Shares issued	Amount	Share-based payments	Marketable securities	Deficit	Total equity
At December 31, 2020	124,296,890	$ 20,350,580	$ 1,668,815	$ 174,555	$ (5,940,721)	$ 16,253,229
Private placement	17,045,455	7,500,000	-	-	-	7,500,000
Share issuance costs	-	(39,750)	-	-	-	(39,750)
Exercise of warrants	3,380,244	1,183,473	-	-	-	1,183,473
Shares issued for the acquisition of exploration assets (Note 5)	32,629,956	11,911,191	(1,257)	-	-	11,909,934
Share-based compensation	-	-	829,852	-	-	829,852
Loss and comprehensive loss	-	-	-	(118,868)	(1,102,278)	(1,221,146)
At June 30, 2021	177,352,545	40,905,494	2,497,410	55,687	(7,042,999)	36,415,592
Share-based compensation	-	-	778,651	-	-	778,651
Loss and comprehensive loss	-	-	-	69,166	(1,415,968)	(1,346,802)
At December 31, 2021	177,352,545	40,905,494	3,276,061	124,853	(8,458,967)	35,847,441
Share-based compensation	-	-	535,113	-	-	535,113
Loss and comprehensive loss	-	-	-	(198,637)	(1,177,022)	(1,375,659)
At June 30, 2022	177,352,545	$ 40,905,494	$ 3,811,174	$ (73,784)	$ (9,635,989)	$ 35,006,895

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

BeMetals Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)
(Unaudited)

	Six months ended June 30, 2022	2021
Operating activities		
Loss	**$ (1,177,022)**	$ (1,102,278)
Adjusted for:		
Share-based compensation	**448,891**	658,868
Unrealized foreign exchange	**(747)**	(1,089)
Changes in non-cash working capital items:		
Amounts receivable	**53,918**	(40,235)
Prepaids and deposits	**34,609**	(37,212)
Trade and other payables	**(22,264)**	(537,767)
	(662,615)	(1,059,713)
Investing activities		
Proceeds from JOGMEC	**34,912**	1,501,145
Cash payments for Option - South Mountain	**-**	(316,500)
Cash acquisition costs for Kazan Gold Project	**-**	(420,823)
Payments for exploration and evaluation expenditures	**(2,178,174)**	(1,240,564)
	(2,143,262)	(476,742)
Financing activities		
Private placement, net of share issuance costs	**-**	7,460,250
Proceeds on exercise of warrants	**-**	1,183,473
	-	8,643,723
Change in cash	**(2,805,877)**	7,107,268
Cash, beginning of period	**6,370,369**	3,206,767
Cash, end of period	**$ 3,564,492**	$ 10,314,035
Non-cash investing and financing activities		
Share-based compensation capitalized for exploration and evaluation expenditures (Note 6)	**$ 86,222**	$ 170,984
Non-cash acquisition costs for Kazan Gold Project	**$ -**	$ 11,909,934
Exploration costs included in trade and other payables	**$ 237,254**	$ 24,086

No cash was paid for interest or income taxes during the six months ended June 30, 2022 and 2021.

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

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

BeMetals is a base and precious metals exploration and development company listed on the TSX Venture Exchange ("TSX-V") under the symbol 'BMET' and also trades on the OTCQB in the US under the symbol 'BMTLF' and on the Frankfurt Stock Exchange in Germany under the symbol '1OI.F'. On April 23, 2021, the Company completed the acquisition of five gold-focused exploration projects in Japan (Note 5). The Company also holds option agreements to acquire interest in mineral projects in Idaho and Zambia. Pursuant to the option agreements, the Company has rights to acquire up to a 100% interest in the polymetallic (zinc-silver-gold-copper) South Mountain development project (the "South Mountain Project") in southwest Idaho, USA (Notes 4,6) and rights to acquire a majority interest in the Pangeni copper exploration project (the "Pangeni Copper Project") on the western extension of the Zambian Copperbelt (Note 6). The Company will continue to evaluate other potential precious and base metals acquisition opportunities.

The Company's head office address is Park Place, Suite 3400 – 666 Burrard Street, Vancouver, BC, V6C 2X8. The registered and records office address is 2500 – 700 W. Georgia Street, Vancouver BC, V7Y 1B3.

As at June 30, 2022, the Company had working capital of $3,364,444 (December 31, 2021 - working capital of $6,473,838). The Company has incurred negative cash flows from operations of $662,615 and recorded a loss of $1,177,022 for the six months ended June 30, 2022 (2021 - negative cash flows from operations of $1,069,713 and loss of $1,102,718, respectively), and has an accumulated deficit of $9,635,989 as at June 30, 2022 (December 31, 2021 - $8,458,967). The Company does not currently have a source of revenue. The Company will need to raise additional capital to carry out its objectives. 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 that are acceptable to the Company. The Company anticipates it has sufficient capital to meet its current obligations for the next twelve months. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretation Committee. These unaudited condensed interim consolidated financial statements as at and for the six months ended June 30, 2022, including comparatives, are prepared in accordance with IAS 34 Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements. These unaudited condensed interim consolidated financial statements have been authorized for issuance by the Board of Directors of the Company on August 25, 2022.

(b) Basis of measurement

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

2. BASIS OF PRESENTATION (continued)

(c) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates which, by their nature, are uncertain.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities within the next year, in the event that actual results differ from assumptions made, relate to the following:

Key Sources of Estimation Uncertainty

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Option – South Mountain

The Company has applied significant judgment in determining the fair value of the South Mountain Option (Note 4).

Key Judgments

Assessment of accounting treatment of acquisitions

The determination of whether a set of assets acquired, and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transaction with BeMetals Japan Corp. (formerly "Kronk Resources Inc.") ("BeMetals Japan") was determined to constitute an asset acquisition (Note 5).

(d) Principles of consolidation

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All intercompany balances and transactions are eliminated upon consolidation.

2. BASIS OF PRESENTATION (continued)

(e) Significant accounting judgments and estimates (continued)

As at June 30, 2022, the Company had five wholly owned subsidiaries: BQ AcquisitionCo Corp., BQ FinanceCo Corp. and BeMetals Japan Corp. (formerly "Kronk Resources Inc."), incorporated in British Columbia, Canada, BeMetals USA Corp., incorporated in Delaware, USA, and Kazan Resources KK, incorporated in Tokyo, Japan.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for 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 the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date 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 the statement of loss and comprehensive loss.

(b) Financial instruments

The Company classifies its financial assets and liabilities in the following measurement categories:

i) Those to be subsequently measured at amortized cost; or
ii) Those to be subsequently measured at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVTPL"))

The classification is driven by the business model for managing the financial asset and their contractual cash flow characteristics.

The Company classifies its financial instruments as follows:

Financial instrument	Classification under IFRS 9 (Effective January 1, 2018)
Cash, Term Deposits	Amortized cost
Amounts receivable	Amortized cost
Investments	FVOCI
Option – South Mountain	FVTPL
Trade and other payables	Amortized cost

At initial recognition financial assets and financial liabilities are measured at fair value less transaction costs except for financial assets classified as FVTPL, where transaction costs are expensed directly to profit or loss.

The Company has elected to classify and measure its investments at FVOCI.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement. The levels of the fair value hierarchy are:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ***Financial instruments*** *(continued)*

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 Inputs that are not based on observable market data

For financial instruments carried at fair value, the Company uses Level 1 inputs to value its investments and Level 3 inputs to value the South Mountain Option.

4. OPTION – SOUTH MOUNTAIN

In February 2019, the Company entered into an option agreement for the rights to the South Mountain Project (the "South Mountain Agreement"). This agreement and the transactions pursuant thereto (the "South Mountain Transaction") was approved by the TSX-V in September 2019. Under the terms of the South Mountain Agreement, the Company, through its wholly owned subsidiary, has the right to acquire from Thunder Mountain Gold, Inc. ("Thunder Mountain") and its subsidiaries all of its interest in the South Mountain Project over a two-year period by way of acquiring 100% of the outstanding shares of South Mountain Mines Inc. ("SMMI"), a wholly owned subsidiary of Thunder Mountain (the "SMMI Acquisition"). SMMI currently holds a 75% interest in the South Mountain Project and has the right to acquire the remaining 25% upon satisfying a 5% Net Returns Royalty capped at US$5,000,000 which is due on or before November 3, 2026.

Pursuant to the South Mountain Agreement, and as amended in June 2020, the Company can acquire SMMI by:

(a) making cash option payments of US$1,100,000 (completed);
(b) issuing 10,000,000 common shares of the Company to Thunder Mountain (completed);
(c) purchasing 2,500,000 shares of common stock of Thunder Mountain at US$0.10 per share by way of private placement (completed);
(d) completing a Preliminary Economic Assessment ("PEA") for the South Mountain Project; and
(e) making a final payment (the "final payment") to Thunder Mountain consisting of cash, common shares of the Company, or a combination of both at the discretion of the Company. The final payment can be the greater of either US$10,000,000 or 20% of the after-tax net present value of the South Mountain Project as calculated in a PEA study completed by an agreed independent author. The final payment would be reduced by US$850,000 to account for certain cash payments previously made and the value of the 10,000,000 common shares issued by the Company, as described above, as well as certain liabilities of SMMI to be assumed upon the SMMI Acquisition. The final payment is also capped at a maximum of 50% of the market capitalization of the Company as of the completion date of the SMMI Acquisition if applicable.

In September 2021, certain terms under the South Mountain Agreement were further amended including:

(a) an extension of the option period, thereby extending the date on which the final payment is due to December 31, 2022; and
(b) a commitment by the Company to complete a surface drilling exploration program of a minimum of 7,000 feet.

As at June 30, 2022, in accordance with the terms of the South Mountain Agreement and the June 2020 and September 2021 amendments, the Company had made cumulative cash option payments of $1,420,750 (US$1,100,000), issued 10,000,000 common shares valued at $2,600,000, and purchased 2,500,000 common shares of Thunder Mountain (Note 7). The total carrying value of the South Mountain Option as at June 30, 2022, is $4,020,765 (December 31, 2021 - $4,020,765).

(Expressed in Canadian dollars)

4. OPTION – SOUTH MOUNTAIN (continued)

The South Mountain Option is considered to be a derivative rather than a non-monetary asset due to the fact that the Option is for the acquisition of shares of SMMI, and as such is classified as FVTPL. Cash and share option payments made to date are treated as option premiums and are included as part of the fair value of the South Mountain Option.

5. ACQUISITION OF KRONK RESOURCES INC.

On April 23, 2021, the Company completed the acquisition of privately owned BeMetals Japan and its wholly owned subsidiary Kazan Resources KK ("Kazan") which holds the rights to a portfolio of gold exploration projects in Japan (the "Kazan Gold Transaction"). Pursuant to the Kazan Gold Transaction, the Company issued a total of 32,629,956 common shares to the former shareholders of BeMetals Japan Corp.

On closing of the Kazan Gold Transaction, BeMetals Japan's assets consisted primarily of mineral properties. As BeMetals Japan did not have processes capable of generating outputs, BeMetals Japan did not meet the definition of a business in accordance with IFRS 3 Business Combinations, and as a result, the Kazan Gold Transaction has been accounted for as an asset acquisition. The value of the consideration paid after allocation to the other net assets acquired, was allocated to Kazan's Kato Gold Project and Other Japan Projects, all of which are located in Japan.

The purchase price has been determined and allocated as follows:

		April 23, 2021 $
Purchase Price	Common Shares of BeMetals issued	11,909,934
	Transaction costs	420,823
		12,330,757
Assets Acquired	Cash	152,776
	Tax receivables, prepaid expenses and other assets	113,873
	Exploration and evaluation assets	12,737,452
Liabilities Assumed	Trade payables	(552,242)
	Loan from BeMetals	(121,102)
		12,330,757

Upon completion of the Kazan Gold Transaction, the loan owed by BeMetals Japan to BeMetals became an intercompany loan and was eliminated on consolidation.

The fair value of the common shares issued amounted to $11,909,934 based on the closing price of the Company's shares on the date of closing of the Kazan Gold Transaction ($0.365).

6. EXPLORATION AND EVALUATION ASSETS

Kato Gold Project and Other Japan Projects

On April 23, 2021, the Company completed the Kazan Gold Transaction (Note 5) which included the acquisition of Kazan which holds the rights to explore five project areas in Japan including the Kato Gold Project, the Todoroki and Konomai projects on Hokkaido, and the Tashiro and Hokusatsu projects on Kyushu (collectively the "Kazan Gold Project").

6. EXPLORATION AND EVALUATION ASSETS (continued)

South Mountain Project

As part of the South Mountain Agreement, the Company has acquired the right to explore at the South Mountain Project and is therefore capitalizing the exploration programs it is funding at the project (see 'Capitalized Costs' below).

Pangeni Copper Project

In February 2018, further to a November 2017 letter agreement, the Company confirmed the agreement (the "Pangeni Agreement") with Copper Cross Zambia Limited (the "Pangeni Vendor") for the right to acquire up to a 72% interest in the Pangeni Copper Project. This agreement and the transactions pursuant thereto (the "Pangeni Transaction") was approved by the TSX-V in July 2018 in connection with the Company's completion of its qualifying transaction. In January 2020, certain amendments were made to the Pangeni Agreement (the "January 2020 amendments").

Pursuant to the Pangeni Agreement, and including the January 2020 amendments, the Company can acquire an initial 67.5% interest in the Pangeni Copper Project by:

(a) making cash payments of US$250,000 and issuing a total of 780,500 common shares by February 2020 (completed);
(b) spending US$2,500,000 in exploration work by December 31, 2020 (completed); and
(c) completing a Preliminary Economic Assessment, making a further cash payment of US$450,000 (a portion of which may be paid in common shares at the option of the Company), and making a payment of US$700,000 as an advanced royalty reduction payment, by February 2023.

Following acquisition of the initial 67.5% interest the Company can acquire an additional 4.5% interest by completing a Feasibility Study and making a further cash payment of US$750,000 (a portion of which may be paid in common shares of BeMetals at the option of the Company).

At the commencement of the mine development phase, and following a feasibility study, a one-off milestone payment is payable, based upon total proven and probable mineral reserves, as follows: US$2,000,000 if less than 500 kilotonnes ("kt") contained copper, US$3,000,000 if the contained copper is between 500 kt and 1,000kt, and US$6,000,000 if greater than 1,000kt contained copper. Upon commencement of production, Pangeni Mineral Resources Limited ("Pangeni Mineral") is entitled to a 3% Net Smelter Royalty (which may be reduced to 2.5% following the US$700,000 royalty reduction payment above and further reduced to 1% following an additional royalty reduction payment by the Company, determined by an internationally recognised valuator, which is not to exceed US$3,300,000).

Investment in the Pangeni Copper Project by JOGMEC

In March 2021, the Company entered into a joint exploration and option agreement (the "JOGMEC Agreement") with Japan Oil, Gas and Metals National Corporation ("JOGMEC") for an initial investment of US$1,500,000 from JOGMEC for money-in-the-ground exploration at the Pangeni Copper Project and additional ongoing pro-rata contributions.

Under the terms of the JOGMEC Agreement:

(a) by March 31, 2021, JOGMEC will fund US$1,000,000 for exploration expenditures by way of payment to BeMetals for exploration activities completed in the 2020 field program (completed); and
(b) during 2021, JOGMEC will also fund an additional US$500,000 in exploration expenditures (completed).

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

As result, JOGMEC has earned a 27.8% interest in BeMetals' option to acquire up to a 72% interest in the Pangeni Copper Project. Since earning its interest in the BeMetals option, JOGMEC has, and will continue to for the remainder of the agreed future exploration programs, fund exploration expenditures pro-rata in accordance with its 27.8% interest. In total, to date, JOGMEC has solely fund US$1,500,000 of exploration expenditures, and thereafter funded exploration expenditures pro-rata in accordance with its proportionate interest in the BeMetals option for the property. The above investments will provide JOGMEC with rights to an approximately 20% stake in the Pangeni Copper Project assuming the full exercise of all applicable underlying parties and optionees and BeMetals will retain rights to approximately 52%. BeMetals retains overall management control through the project's technical committee and its majority option position in the Pangeni Copper Project.

Capitalized Costs

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation assets as at June 30, 2022:

	South Mountain Project	Pangeni Copper Project	Kazan Gold Project	Total
Balance December 31, 2021	$ 7,342,124	$ 3,442,408	$ 13,601,587	$ 24,386,119
Consulting and wages	359,393	99,023	367,686	826,104
Drilling	18,958	172,280	589,088	780,324
Land fees / Lease payments	9,078	-	3,216	12,294
Professional fees	-	5,333	26,881	32,214
Share based compensation	44,943	14,148	27,131	86,222
Site logistics	165,140	178,807	241,493	585,439
	7,939,636	3,911,999	14,857,082	26,708,717
Proceeds from JOGMEC	-	(34,912)	-	(34,912)
Balance June 30, 2022	$ 7,939,636	$ 3,877,087	$ 14,857,082	$ 26,673,805

Exploration Advances

As at June 30, 2022, the Company had $686,940 (December 31, 2021 – $507,141) in exploration advance of which $286,940 (December 31, 2021 - $310,395) related to a drill contractor operating at the Kazan Gold Project and $400,000 (2020 - $196,746) to a contractor operating at the Pangeni Project.

7. INVESTMENTS

	As at June 30, 2022			As at December 31, 2021		
	Shares	**Fair Value**	**Cost**	Shares	Fair Value	Cost
Thunder Mountain shares	**2,500,000**	**$ 260,941**	**$ 334,725**	2,500,000	$ 459,578	$ 334,725

In September 2019, the Company acquired 2,500,000 common shares of Thunder Mountain in a private placement, pursuant to the South Mountain Agreement, at US$0.10 per share for a total cost of $334,725 (US$250,000) (Note 4). Thunder Mountain trades on the OTCQB under the symbol 'THMG'.

During the six months ended June 30, 2022, the Company recognized an unrealized loss on investments of $198,637 (June 30, 2021 – unrealized loss $118,868) on the statements of loss and comprehensive loss.

(Expressed in Canadian dollars)

8. EQUITY

(a) Authorized

Unlimited common shares with no par value
Unlimited preferred shares with no par value

(b) Issued and fully paid common shares

Six months ended June 30, 2022

No shares were issued during the six months ended June 30, 2022

Six months ended June 30, 2021

During the six months ended June 30, 2021, the Company issued a total of 32,629,956 common shares to the shareholders of Kronk at a value of $0.365 per share, pursuant to the Kazan Gold Transaction (Note 5)

During the six months ended June 30, 2021, the Company closed a private placement of $7,500,000 through the issuance of 17,045,455 common shares to B2Gold (Note 5).

During the six months ended June 30, 2021, the Company issued 3,380,244 common shares pursuant to the exercise of warrants (Note 8(c)).

(c) Warrants

During the six months ended June 30, 2022 no warrants were exercised or issued by the Company.

During the year ended December 31, 2021, 3,380,244 warrants were exercised for proceeds of $1,183,473.

Following is a summary of changes in warrants outstanding:

	Number of warrants		Weighted average exercise price
Balance, December 31, 2020	7,194,793	$	0.36
Exercised	(3,380,244)		0.35
Expired	(2,738,543)		0.35
Balance, December 31, 2021, and June 30, 2022	1,076,006	$	0.40

The following table summarizes information about warrants outstanding at June 30, 2022:

Number of warrants		Exercise price	Expiry date
1,076,006	$	0.40	August 13, 2022

(d) Share options

The Company has an incentive share option plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with TSX-V requirements, grant non-transferable share options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve-month period will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant at a price not less than

(Expressed in Canadian dollars)

8. EQUITY (continued)

(d) Share options (continued)

the closing price of the Company's shares on the last trading day before the grant of such options. Each option vesting period is determined on a grant by grant basis by the Board of Directors.

In June 2021, the Company granted an aggregate of 5,775,000 share options to officers, directors and consultants of the Company, exercisable at a price of $0.425 per share until June 1, 2031, vesting over a period of two years. Using the Black-Scholes option pricing model, the fair value per option granted was $0.33 per option.

In July 2021, the Company granted an aggregate of 750,000 share options to an officer and consultant of the Company, exercisable at a price of $0.425 per share until July 7, 2031, vesting over a period of two years. Using the Black-Scholes option pricing model, the fair value per option granted was $0.33 per option.

In November 2021, the Company granted an aggregate of 675,000 share options to consultants of the Company, exercisable at a price of $0.27 per share until November 19, 2031, vesting over a period of two years. Using the Black-Scholes option pricing model, the fair value per option granted was $0.21 per option.

The fair value of the options issued during the year ended December 31, 2021 was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 75%, ii) an average risk free interest rate of 1.32% ; iii) dividend yield of $nil ; and iv) expected life of 10 years.

Share-based compensation expense recognized for the vesting of options during the six months ended June 30, 2022, was $535,113 (June 30, 2021: $829,852), of which $86,222 (June 30, 2021: $170,984) was capitalized to exploration and evaluation assets on the statement of financial position, and $448,891 (June 30, 2021: $658,868) was expensed directly to the statements of loss and comprehensive loss.

Following is a summary of changes in share options outstanding:

	Number of options	Weighted average exercise price
Balance, December 31, 2020	10,020,000	$ 0.20
Granted	7,200,000	0.41
Balance, December 31, 2021	17,220,000	0.29
Cancelled	(200,000)	0.43
Balance, June 30, 2022	17,020,000	$ 0.29

The following table summarizes information about share options outstanding at June 30, 2022:

Outstanding	Exercisable	Exercise price	Expiry date
2,520,000	2,520,000	$ 0.060	December 9, 2026
2,250,000	2,250,000	0.240	February 27, 2028
750,000	750,000	0.210	October 1, 2028
3,600,000	3,600,000	0.235	January 7, 2030
750,000	500,000	0.365	July 15, 2030
5,725,000	3,816,657	0.425	June 1, 2031
750,000	416,666	0.425	July 7, 2031
675,000	225,000	0.270	November 19, 2031
17,020,000	14,078,323		

9. RELATED PARTY TRANSACTIONS

Included within fees and salaries are amounts paid to key management personnel, which are 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 consist of members of the Company's Board of Directors and corporate officers.

During the six months ended June 30, 2022, key management personnel compensation, including directors and officers, was comprised of $572,755 (June 30, 2021: $581,127), of which $235,478 related to share-based compensation, $269,906 related to fees and salaries and $67,370 was capitalized to Exploration and evaluation assets (June 30, 2021: $380,145, $200,982 and $nil, respectively).

Pursuant to the Kazan Gold Transaction, certain shareholders of BeMetals Japan, who were also shareholders or directors of BeMetals as well as directors or officers of B2Gold, received 0.2585 Company shares for every common share of BeMetals Japan they held; which was less favorable than the 0.5169 Company shares for every common share of BeMetals Japan received by other non-related BeMetals Japan shareholders. As a result, these shareholders who were also shareholders or directors of BeMetals as well as directors or officers of B2Gold, received 1,887,050 of the Company's shares as part of the Kazan Gold Transaction (see Note 5).

During the year ended December 31 2021, the Company closed a non-brokered private placement of $7,500,000 through the issuance of 17,045,455 common shares at $0.44 per share to B2Gold (Note 8). B2Gold is a related party of the Company by virtue of common key managerial persons. During the six months ended June 30, 2022, the Company paid or accrued fees of $189,145 (June 30, 2021: $nil) to B2Gold that were capitalized to Exploration and evaluation assets.

As at June 30, 2022 amounts included in accounts payable and accrued liabilities due to related parties was $79,092 (December 31, 2021: $59,368).

Subsequent to June 30, 2022, on August 4, 2022 the Company entered into a loan agreement with B2Gold for an unsecured loan in the principal amount of US$5,000,000 (the "Loan"). The Loan matures on August 4, 2025 and bears interest at a rate of 4.7% per annum. The interest on the Loan is to be paid or accrued annually at the discretion of the Company and the Loan is repayable in part or in full at any time without penalty. The Company did not issue any securities or paid any bonuses, commissions or finder's fees with regards to the Loan.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

Cash, term deposit, amounts receivable, and trade and other payables are carried at amortized cost which approximates fair value due to the short-term nature of these instruments. Common shares of publicly traded companies included in investments are classified as FVOCI. The South Mountain Option is classified as FVTPL.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of these financial assets.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. As at June 30, 2022, the Company had current liabilities of $350,429 and working capital of $3,364,444 (Note 1). On August 4, 2022 the Company received proceeds from the US$5,000,000 Loan (Note 9).

The Company also has commitments or option payments arising in 2022 and 2023 related to the South Mountain Project (Note 4) and the Pangeni Copper Project (Note 6).

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's reporting currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars and the Japanese Yen. A portion of the Company's exploration and evaluation expenditures are incurred in Zambia, but are predominantly transacted in US dollars. The Company maintains Canadian dollar and US dollar bank accounts in Canada and Japanese Yen ("¥") bank accounts in Japan. The Company is subject to gains and losses from fluctuations in the US dollar and the Yen against the Canadian dollar. The Company held a net monetary asset position of $1,458,572 in US dollars and $129,995 in Japanese Yen as of June 30, 2022, with the effect on profit or loss before tax of a 10% fluctuation to the CAD dollar being $158,857.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. Changes in short-term interest rates will not have a significant effect on the fair value of the Company's cash account.

Price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including copper, zinc, silver, gold, and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations. In addition, the Company's investments which are comprised of publicly traded equity securities are subject to price risk.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of the Company's business is in exploration.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company is exposed to price risk with respect to its investment in THMG (Note 7).

(Expressed in Canadian dollars)

11. CAPITAL MANAGEMENT

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in interest bearing Canadian chartered bank accounts.

The capital structure of the Company includes shareholders' equity. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management.

12. SEGMENTED INFORMATION

The Company operates in one segment, being exploration and evaluation of mineral properties, in the USA, Zambia, and Japan. Geographic segmentation is as follows:

June 30, 2022	USA	Zambia	Japan	Total
Exploration and evaluation assets	$ 7,939,636	$ 3,877,087	$ 14,857,082	$ 26,673,805

December 31, 2021	USA	Zambia	Japan	Total
Exploration and evaluation assets	$ 7,342,124	$ 3,442,408	$ 13,601,587	$ 24,386,119

13. COVID-19 UNCERTAINTY

Since March 2020, the spread of COVID-19 has impacted many local economies around the globe. In many countries, including Canada, USA, Zambia, and Japan, some businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide. In the height of the pandemic, global stock markets experienced great volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.