Eloro Resources Ltd.

Condensed Interim Consolidated Financial Statements

September 30, 2021

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Eloro Resources Ltd. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Eloro Resources Ltd.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	Notes	September 30, 2021 $	March 31, 2021 $
Assets			
Current			
Cash and cash equivalents		20,740,221	28,266,056
Receivables		172,032	161,965
Marketable securities		32,250	40,000
Prepaid expenses		439,864	178,729
		21,384,367	28,646,750
Right-of-use asset	3	10,658	31,976
Option payment advance	4	250,880	-
Exploration and evaluation	5	15,578,245	9,130,143
		37,224,150	37,808,869
Liabilities			
Current			
Accounts payable and accrued liabilities		962,881	1,574,928
Current portion of lease liabilities	6	11,527	33,967
		974,408	1,608,895
Shareholders' equity			
Share capital	7	55,073,630	53,904,648
Warrants	7	9,082,668	9,279,680
Contributed surplus	7	6,198,789	6,320,536
Foreign currency reserve		103,336	82,892
Deficit		(34,208,682)	(33,387,782)
		36,249,742	36,199,973
		37,224,150	37,808,869
Commitments and contingencies	12		
Subsequent event	14		

Approved by the Board:

Thomas Larsen
Director

Francis Sauve
Director

See accompanying notes to consolidated financial statements

Eloro Resources Ltd.
Consolidated Statements of Loss and Comprehensive Loss
(expressed in Canadian dollars)

	Notes	3 months ended September 30, 2021	3 months ended September 30, 2020	6 months ended September 30, 2021	6 months ended September 30, 2020
		$	$	$	$
Expenses					
Professional fees		32,870	7,368	149,802	16,118
Consulting fees	11	81,000	54,000	162,000	108,000
Financing bonus		-	-	-	30,000
Stock-based compensation		-	-	-	356,000
Investor relations and marketing		158,520	149,429	329,791	195,126
General and office		75,471	36,686	170,780	65,786
Travel		7,427	13,541	11,708	26,484
Depreciation	3	10,659	10,659	21,318	21,318
Interest	6	285	942	738	2,042
Financing fee		-	-	-	30,000
Foreign exchange loss		(81,031)	14,306	(34,663)	17,553
Gain on sale of marketable securities		-	-	-	(5,805)
Unrealized loss (gain) on marketable securities		2,150	6,600	7,750	(21,100)
Impairment of exploration and evaluation		-	-	-	528
Refundable tax credit notices of assessment	8	15,000	-	30,000	-
Other		(9,502)	-	(28,324)	-
		292,850	293,531	820,899	842,049
Loss		(292,850)	(293,531)	(820,899)	(842,049)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years (net of tax)					
Currency translation adjustment		4,330	13,714	20,444	(25,465)
Comprehensive loss		(288,520)	(279,817)	(800,455)	(867,514)
Loss per share-basic and diluted		(0.00)	(0.01)	(0.01)	(0.02)
Weighted average number of shares outstanding - basic and diluted		62,287,596	47,208,216	61,400,435	44,428,601

See accompanying notes to consolidated financial statements

Eloro Resources Ltd.
Consolidated Statements of Changes in Equity
(expressed in Canadian dollars)

	Share capital $ (note 7)	Warrants $ (note 7)	Contributed surplus $ (note 7)	Foreign currency reserve $	Deficit $	Total $
Balance, March 31, 2021	53,904,648	9,279,680	6,320,536	82,892	(33,387,782)	36,199,973
Exercise of warrants	680,215	-	-	-	-	680,215
Fair value of exercised warrants	197,012	(197,012)	-	-	-	-
Exercise of stock options	175,000	-	-	-	-	175,000
Fair value of exercised stock options	121,747	-	(121,747)	-	-	-
Share issue costs	(4,992)	-	-	-	-	(4,992)
Other comprehensive income	-	-	-	20,444	-	20,444
Loss	-	-	-	-	(820,899)	(820,899)
Balance, September 30, 2021	55,073,630	9,082,668	6,198,789	103,336	(34,208,682)	36,249,741
Balance, March 31, 2020	30,020,803	61,000	3,314,486	68,984	(28,723,064)	4,742,209
Private placement of units	2,050,000	-	-	-	-	2,050,000
Fair value of warrants issued	(601,000)	601,000	-	-	-	-
Fair value of broker warrants issued	(3,000)	3,000	-	-	-	-
Share issue costs	(39,060)	-	-	-	-	(39,060)
Exercise of warrants	280,800	-	-	-	-	280,800
Fair value of exercised warrants	30,770	(30,770)	-	-	-	-
Exercise of stock options	62,250	-	-	-	-	62,250
Fair value of exercised stock options	56,635	-	(56,635)	-	-	-
Stock-based compensation	-	-	356,000	-	-	356,000
Other comprehensive loss	-	-	-	(25,465)	-	(25,465)
Loss	-	-	-	-	(842,049)	(842,049)
Balance, September 30, 2020	31,858,198	634,230	3,613,851	43,519	(29,565,113)	6,584,685

Eloro Resources Ltd.
Consolidated Statements of Cash Flows
(expressed in Canadian dollars)

	6 months ended September 30, 2021	2020
	$	$
Cash provided by (used in)		
Operating activities		
Loss	(820,899)	(842,049)
Items not affecting cash		
Depreciation	21,318	21,318
Stock-based compensation	-	356,000
Gain on sale of marketable securities	-	(5,805)
Unrealized (gain) loss on marketable securities	7,750	(21,100)
Impairment of exploration and evaluation	-	528
Changes in non-cash operating working capital		
Receivables	(10,067)	(21,335)
Prepaid expenses	(261,135)	(102,833)
Accounts payable and accrued liabilities	(612,048)	(30,365)
	(1,675,080)	(645,642)
Financing activities		
Repayment of advances from Cartier Iron Corporation	-	(49,275)
Repayment of lease liabilities	(22,440)	(21,136)
Private placement of units	-	2,050,000
Share issue costs	(4,992)	(39,060)
Exercise of warrants	680,215	280,800
Exercise of stock options	175,000	62,250
	827,783	2,283,579
Investing activities		
Proceeds on sale of marketable securities	-	7,805
Option payment advance	(250,880)	-
Exploration and evaluation	(6,448,102)	(622,492)
	(6,698,982)	(614,687)
Net increase in cash and cash equivalents	(7,546,279)	1,023,251
Cash and cash equivalents, beginning of period	28,266,056	15,421
Currency translation adjustment	20,444	(25,465)
Cash and cash equivalents, end of period	20,740,221	1,013,207

(expressed in Canadian dollars)

1. Nature of operations
Eloro Resources Ltd. (the "Company") is a public company engaged in the exploration and development of a gold-silver property in Peru, a polymetallic property in Bolivia and base metal properties in Québec.

The Company was incorporated under the Business Corporations Act of Ontario on April 11, 1985 and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

2. Basis of presentation

Statement of compliance
These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2021.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2021.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 29, 2021.

3. Right-of-use asset

	September 30, 2021 $	March 31, 2021 $
Right-of-use asset	117,248	117,248
Accumulated depreciation, beginning of period	85,272	42,636
Depreciation	21,318	42,636
Accumulated depreciation, end of period	106,590	85,272
Balance, end of period	10,658	31,976

4. Option payment advance
On July 29, 2020, the Company granted a 2% interest in its wholly-owned Bolivian subsidiary, Minera Tupiza S.R.L. ("Minera Tupiza") to an officer of Minera Tupiza. The Company has an option to increase its interest in Minera Tupiza to 99% by purchasing a 1% interest from the officer for US$3,000,000. The Company has made an installment payment of US$200,000 on account of the option.

5. Exploration and evaluation

	March 31, 2021 $	Exploration $	September 30, 2021 $
Property			
La Victoria	5,179,630	346,786	5,526,417
Iska Iska	3,950,513	6,352,196	10,302,708
	9,130,143	6,698,982	15,829,125

La Victoria, Peru
The Company owns a 82% interest in La Victoria (March 31, 2020 -82%), a gold-silver property covering 8,933 hectares, consisting of 9 concessions covering 3,533 hectares (Ccori Orcco 1, Roberto N°1, Rufina, Rufina N° 2, San Felipe 1, San Felipe 2, San Markito, Santa Ana 1 and Victoria-APB) and 7 claims covering 5,400 hectares (Romina 01, 02, 03, 04, 05, 06 and 07) in the Huandoval District, Pallasca Province, Ancash Department, in the North-Central Mineral Belt of Peru.

La Victoria is subject to a 2% net smelter royalty ("NSR"), of which, the Company has the option to reduce the NSR to 1% by making a payment of $3,000,000.

Grant of option for a 25% interest in La Victoria
Burgundy Diamond Mines Limited ("BDM")(formerly EHR Resources Limited) owns an 18% interest in La Victoria and the Company has granted an option to BDM to increase its interest to 25% ("Option"). The Option provides that BDM will have 45 days from the date that the Company receives all permits required to commence drilling at San Markito ("Permits") to provide written notice of its intention to proceed to increase its interest to 25%, failing which, the option will expire. In order to increase its interest, BDM must incur exploration expenditures of $1,400,000 during the 6 months from 45 days from the date that the Company receives the Permits. If the Company or BDM does not fund its proportionate share of expenditures, its respective interest will be diluted and when its interest is diluted to less than 10%, the party's interest shall be reduced to a 2% net smelter royalty on all production. The other party will have the option to reduce the royalty from 2% to 1% by making a payment of $3,000,000.

If either the Company or BDM acquires an interest in any property within 5 kilometres of La Victoria, the acquirer must offer the other party the opportunity to participate in the acquisition up to its participating interest.

In the event the Company or BDM proposes to sell any interest in La Victoria to a third party, the other party has a right of first refusal to match the terms and conditions of the proposed sale. In the event that the Company proposes to sell a majority of its interest in La Victoria to a third party, the Company must first consult with BDM about the identity of the third party and the proposed terms of sale and if the Company proceeds with the sale, BDM will be obliged to sell its interest to the third party on a pro rata basis in accordance with the terms of the sale to the third party.

In August 2021, the Company received the Permits and BDM decided to maintain it interest at 18% and not to increase its interest to 25%, upon which, the Option expired and a joint venture, with the Company as operator, was formed to continue to explore and develop La Victoria.

Iska Iska
On January 6, 2020, the Company signed a Definitive Agreement for an option to acquire a 99% interest in Iska Iska, a polymetallic property consisting of one mineral concession totaling 900 hectares located in Bolivia and on October 14, 2020, the Company staked 9 additional properties covering 31,175 hectares.

In order to acquire its interest in Iska Iska pursuant to the Definitive Agreement, the Company will conduct an exploration and development program in the 4 years ended January 6, 2024 and issue common shares and make an option payment, as follows:

	Common shares		**Option payment**
	Number	**$**	**US$**
February 5, 2020 (issued)	250,000	100,000	–
January 6, 2022	250,000	–	–
January 6, 2024	–	–	10,000,000
	500,000	100,000	10,000,000

The Company has made an instalment of US$300,000 on account of the option payment. See note 14, *Subsequent event, Iska Iska option payment*.

6. Lease liabilities

	$
Balance, March 31, 2021	33,967
Accretion of interest	738
Lease payments	(23,178)
Balance, September 30, 2021	11,527
Current portion of lease liabilities	11,527
Long-term lease liabilities	–
	11,527

The lease for premises is a joint and several commitment with Cartier. The remaining lease term is 0.25 year.

7. Share capital

Authorized
An unlimited number of common shares without par value.
An unlimited number of redeemable, voting, non-participating special shares without par value.

Outstanding

	Number of common shares	Amount $
Balance, March 31, 2021	60,503,526	53,904,648
Exercise of warrants	1,075,502	680,215
Fair value of exercised warrants	–	197,012
Exercise of stock options	300,000	175,000
Fair value of exercised stock options	–	121,747
Share issue costs	–	(4,992)
Balance, September 30, 2021	61,879,028	55,073,630

Warrants
A continuity of the Company's warrants outstanding at September 30, 2021 is presented below:

	Weighted-average exercise price $	Number of warrants
Balance, March 31, 2021	2.57	9,366,722
Exercised	0.63	(1,075,502)
Balance, September 30, 2021	2.82	8,291,220

A summary of the Company's warrants outstanding at September 30, 2021 is presented below:

Exercise price	Expiry date	Number of warrants
$0.50	November 20, 2021	710,020
$0.50	June 9, 2022	2,363,850
$2.00	January 5, 2023	1,321,770
$1.55	January 5, 2023	162,605
$5.25	March 26, 2023	3,335,000
$3.75	March 26, 2023	397,975
		8,291,220

Stock options
The Company may grant stock options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. At September 30, 2021, the Company may grant up to 6,187,902 stock options (March 31, 2021 - 6,050,352). The exercise price for stock options will not be less than the market price of the common shares on the date of the grant, less any discount permissible under the rules of the TSXV. The maximum term for stock options will be 5 years and stock options granted will vest immediately.

A summary of the Company’s stock options outstanding and exercisable at September 30, 2021 is presented below:

	Weighted-average exercise price $	Number of stock options outstanding and exercisable
Balance, March 31, 2021	1.39	4,640,000
Exercised	0.58	(300,000)
Balance, September 30, 2021	1.44	4,340,000

The common share price when the stock options were exercised was in the range of $4.43 to $4.90.

A summary of the Company’s stock options outstanding at September 30, 2021 is presented below:

Exercise price	Expiry date	Number of stock options outstanding and exercisable
$0.55	January 27, 2022	750,000
$0.77	February 7, 2022	100,000
$0.87	November 30, 2022	100,000
$0.70	June 12, 2023	50,000
$0.40	February 18, 2025	1,555,000
$0.60	June 9, 2025	755,000
$4.45	February 1, 2026	1,030,000
		4,340,000

Restricted share units

The Company may grant 3,200,000 restricted share units and in combination with all share compensation arrangements, including the Company’s stock option plan, will not exceed 20% of the issued and outstanding common shares in the capital of the Company. No restricted share units have been issued.

8. Income taxes

Refundable tax credit notices of assessment

On July 26, 2017, the Company received refundable tax credit notices of assessments from Revenu Québec for the repayment of $367,360 (“Notices”) for the return of refunds of $280,961, $25,217 and $7,766 received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2013, 2014 and 2016, respectively and interest thereon of $53,416.

The Company has filed notices of objection with respect to the Notices and it is not yet possible for the Company to make any realistic prediction about the outcome of the Notices. Accordingly, no amount has been recorded as a liability in these consolidated financial statements.

Pending resolution of the Notices, the Company is making payments of $5,000 per month to Revenu Quebéc. For the 6 months ended September 30, 2021, the Company made payments of $30,000 (2020 - $nil) which has been recorded in the consolidated statement of loss and comprehensive loss.

9. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accounts payable and accrued liabilities

The fair value of accounts payable and accrued liabilities approximates its carrying value due to their short term to maturity.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data.

Marketable securities are measured at fair value at Level 1 of the fair value hierarchy.

10. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company’s cash balances. The maximum exposure to credit risk is equal to the balance of cash and due from Cartier.

The Company’s limits its exposure to credit risk on its cash by holding its cash in deposits with a Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

The Company has no revenues and relies on financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company’s income or the value of its financial instruments. The Company is exposed to equity price risk with respect to marketable securities. The Company’s approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at September 30, 2021 had changed by 10%, with all other variables held constant, the unrealized gain (loss) would have decreased or increased by $3,225.

Interest rate risk

The Company’s exposure to interest rate risk is limited due to the short-term nature of its financial instruments and the Company has no interest-bearing debt.

Capital management

Capital of the Company consists of share capital, warrants, contributed surplus, foreign currency reserve and deficit. The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

11. Related party transactions

Compensation of key management personnel
The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	6 months ended September 30, 2021 $	2020 $	Outstanding at September 30, 2021 $	March 31, 2021 $
Exploration and evaluation	60,000	–	–	–
Consulting fees	162,000	108,000	–	116,027
Financing bonus	–	30,000	–	190,000
Stock-based compensation	–	205,455	–	–
Investor relations and marketing	48,000	–	–	–
	270,000	343,455	–	306,027

See notes 5 for other related party transactions.

12. Commitments and contingencies

Value-added tax
In Peru, the Company has paid a value added tax, *Impuesto General a las Ventas* ("IGV"), on the purchase of goods and services which may be recovered against IGV collected on sales by the Company. The Company has paid IGV of US$393,400, of which, the Company is obligated to pay US$354,875 to BDM upon recovery. The remaining IGV of US$38,525 has been included in exploration and evaluation.

13. Segment information
The Company operates in one reportable segment being mineral exploration

As the Company is focused on exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by project. The internal reporting framework is the most relevant to assist the Board with making decisions regarding this Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

The Company operates in Peru and Bolivia:

Location of non-current assets	**$**
Peru	5,526,417
Bolivia	10,302,708
	15,829,125

14. Subsequent event

Iska Iska option payment
On October 1, 2021, the Company made an instalment of US$2,700,000 on account of the option payment (see note 5, *Exploration and evaluation*).