



TURMALINA METALS CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)**

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

This notice is being provided in accordance with National Instrument 51-102 – Continuous Disclosure Obligations.

TURMALINA METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
AS AT

	March 31, 2021	December 31, 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 8,825,532	\$ 10,005,656
Receivables and prepaid expenses (Note 4 and 6)	<u>173,532</u>	<u>343,478</u>
	8,999,064	10,349,134
Mineral property (Note 5)	<u>681,655</u>	<u>675,264</u>
	<u>\$ 9,680,719</u>	<u>\$ 11,024,398</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ <u>90,416</u>	\$ <u>202,623</u>
Shareholders' equity		
Share capital (Note 7)	23,467,579	23,467,579
Contributed surplus (Note 7)	3,473,310	3,463,393
Deficit	<u>(17,350,586)</u>	<u>(16,109,197)</u>
	<u>9,590,303</u>	<u>10,821,775</u>
	<u>\$ 9,680,719</u>	<u>\$ 11,024,398</u>

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on May 20, 2021.

<u>"Rohan Wolfe"</u> Rohan Wolfe	Director	<u>"Bryan Slusarchuk"</u> Bryan Slusarchuk	Director
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The accompanying notes are an integral part of these consolidated financial statements.

TURMALINA METALS CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
EXPENSES		
Consulting fees (Note 6)	\$ 26,546	\$ 48,592
Directors and advisory fees (Note 6)	19,173	34,401
Exploration costs (Note 5 and 6)	849,304	347,516
Foreign exchange	9,124	(27,209)
Investor relations	28,125	44,198
Management fees (Note 6)	67,154	50,198
Marketing and shareholder communications	148,699	270,440
Office and administrative expenses	25,544	34,391
Professional fees (Note 6)	45,220	82,207
Property investigation	-	32,444
Share-based payments (Note 7)	9,917	-
Transfer agent, filing and listing fees	15,225	38,318
Travel	<u>2,877</u>	<u>164,669</u>
Loss from operations	(1,246,908)	(1,120,165)
Interest income	<u>5,519</u>	<u>11,810</u>
Loss and comprehensive loss for the year	<u>\$ (1,241,389)</u>	<u>\$ (1,108,355)</u>
Basic and diluted loss per common share	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	<u>62,112,887</u>	<u>53,860,576</u>

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

TURMALINA METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,241,389)	\$ (1,108,355)
Items not involving cash:		
Share-based payments	9,917	-
Non-cash working capital item changes:		
Receivables and prepaid expenses	169,946	(26,691)
Accounts payable and accrued liabilities	<u>(112,207)</u>	<u>(190,898)</u>
Net cash used in operating activities	<u>(1,173,733)</u>	<u>(1,325,944)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral property	<u>(6,391)</u>	<u>(140,390)</u>
Net cash used in investing activities	<u>(6,391)</u>	<u>(140,390)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	9,775,115
Share issuance costs	<u>-</u>	<u>(860,740)</u>
Net cash (used in) provided by financing activities	<u>-</u>	<u>8,914,375</u>
Change in cash and cash equivalents for the period	(1,180,124)	7,448,041
Cash and cash equivalents, beginning of period	<u>10,005,656</u>	<u>5,360,725</u>
Cash and cash equivalents, end of period	<u>\$ 8,825,532</u>	<u>\$ 12,808,766</u>

There were no other significant non-cash financing and investing activities during the periods ended March 31, 2021 and 2020. No cash was paid for interest or taxes for the period ended March 31, 2021 and 2020.

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

TURMALINA METALS CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number	Amount	Contributed Surplus	Deficit	Total
Balance, December 31, 2019	48,950,000	\$ 11,808,647	\$ 1,573,784	\$ (7,643,159)	\$ 5,739,272
Shares issued for cash	13,964,450	9,775,115	-	-	9,775,115
Share issuance costs	-	(1,133,149)	272,409	-	(860,740)
Loss for the period	-	-	-	(1,108,355)	(1,108,355)
Balance, March 31, 2020	62,914,450	20,450,613	1,846,193	(8,751,514)	13,545,292
Share issuance costs	-	(4,627)	-	-	(4,627)
Stock options exercised	950,000	828,869	(353,869)	-	475,000
Warrants exercised	2,435,068	2,192,724	(3,316)	-	2,189,408
Share-based payments	-	-	1,974,385	-	1,974,385
Loss for the period	-	-	-	(7,357,683)	(7,357,683)
Balance, December 31, 2020	66,299,518	23,467,579	3,463,393	(16,109,197)	10,821,775
Share-based payments	-	-	9,917	-	9,917
Loss for the period	-	-	-	(1,241,389)	(1,241,389)
Balance, March 31, 2021	66,299,518	\$ 23,467,579	\$ 3,473,310	\$ (17,350,586)	\$ 9,590,303

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

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

1. NATURE AND CONTINUANCE OF OPERATIONS

Turmalina Metals Corp. (the “Company”) was incorporated in Canada under the British Columbia Corporations Act on March 21, 2017. The Company is principally engaged in the acquisition and exploration of resource properties. The Company’s shares are publicly traded on the TSX Venture Exchange (the “TSXV”) under the symbol TBX. The head office, records office, and principal address of the Company is 400-850 West Hastings Street, Vancouver, British Columbia, V6C 1E1. The Company is in the process of investing in potential new acquisitions and exploring and evaluating its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company’s ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION**Statement of compliance**

These condensed consolidated interim 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.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, Aurora Mining S.A. (Argentina – 100% effective interest) and Aurora Copper Peru S.A.C. (Peru – 100% effective interest). The subsidiaries’ principal activity is mineral exploration.

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

2. BASIS OF PREPARATION (cont'd...)**Basis of consolidation (cont'd...)**

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. 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.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

Basis of measurement

These consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency and have been prepared on a historical cost basis, except for certain financial instruments, which are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant Accounting Judgments and Estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of deferred income tax amounts, impairment testing and calculation of share-based payments.

The most significant judgments relate to the impairment of exploration and evaluation assets and the determination of the functional currency of the Company and its subsidiaries.

4. RECEIVABLES AND PREPAID EXPENSES

	March 31, 2021	December 31, 2020
Goods and service tax ("GST") receivable	\$ 100,985	\$ 94,561
Other receivables and advances	50,962	44,837
Prepayments	<u>21,585</u>	<u>204,080</u>
Total	<u>\$ 173,532</u>	<u>\$ 343,478</u>

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

5. MINERAL PROPERTY*Title to mineral property interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and titles may be affected by undetected defects.

El Tapau Project, Argentina

On September 24, 2018, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the El Tapau Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures and drilling as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)	Minimum Drilling (Meters)
September 24, 2018 (paid)	40,000	-	-
September 24, 2019 (paid and completed)	70,000	300,000	-
November 24, 2020 (paid and completed)	100,000	-	3,000
November 24, 2021*	250,000	-	4,000
November 24, 2022*	1,000,000	750,000	-
	<u>1,460,000</u>	<u>1,050,000</u>	<u>7,000</u>

*Due to COVID-19 global pandemic and the Company being unable to advance the projects, the parties agreed to a 2-month extension under the force majeure clause.

The third parties retain a 2.5% Net Smelter Returns ("NSR") royalty, which the Company may purchase for a payment of USD\$2,500,000.

Cerro Negro Project, Argentina

On September 25, 2018, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the Cerro Negro Project, Argentina. The Company can acquire a 100% interest in the property by making payments and incurring exploration expenditures as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)
Upon signing LOI (paid)	5,000	-
September 25, 2018 (paid)	15,000	-
Upon receiving drilling permits (paid)	30,000	-
September 25, 2019 (paid and completed)	50,000	300,000
November 25, 2020 (paid and completed)	100,000	500,000
November 25, 2021*	250,000	500,000
November 25, 2022*	1,000,000	750,000
	<u>1,450,000</u>	<u>2,050,000</u>

*Due to COVID-19 global pandemic and the Company being unable to advance the projects, the parties agreed to a 2-month extension under the force majeure clause.

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

5. MINERAL PROPERTY (cont'd...)**Cerro Negro Project, Argentina (cont'd...)**

The third parties retain a 2% NSR royalty, of which the Company may purchase 55%, or 1.1%, of the NSR for a payment of USD\$1,250,000.

Miranda Project, Argentina

On July 1, 2020, the Company entered into an option agreement with third parties to acquire a 100% interest in certain claims known as the Miranda Project, Argentina. The Company can acquire a 100% interest in the property by making payments as follows:

	<u>Cash Payment (USD \$)</u>
Upon signing definitive agreement (paid)	5,000
January 7, 2021 (paid)	5,000
July 7, 2021	15,000
July 7, 2022	20,000
July 7, 2023	30,000
July 7, 2024	150,000
	<u>225,000</u>

The third parties retain a 1% NSR royalty, which the Company may purchase for a payment of USD\$300,000.

Canchaque Project, Peru

On March 9, 2019, which was subsequently amended on September 6, 2019 and August 31, 2020, the Company entered into an option agreement, with third parties, to acquire a 100% interest in certain claims located in Peru, comprising the Canchaque Project. The Company could acquire a 100% interest in the property by making payments totaling US\$4,900,000, (of which the Company paid US\$200,000), by incurring expenditures of US\$2,500,000 and by incurring 11,500 meters drilling over 5 years. During the year ended December 31, 2020, the Company acquired additional claims contiguous to the Canchaque Project for \$54,248.

During the year ended December 31, 2020, the Company terminated the agreement due to delays obtaining the necessary permits and access to advance the project and wrote-off associated acquisition costs of \$323,725.

Chanape Project, Peru

On March 13, 2020, the Company entered into an option agreement, with third parties, to acquire a 100% interest in certain claims located in Peru, comprising the Chanape Project. The Company can acquire a 100% interest in the property by making total cash payments of US\$3,410,000 and by incurring exploration expenditures of US\$2,000,000 as follows:

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

5. MINERAL PROPERTY (cont'd...)

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)
Upon signing LOI (paid)	10,000	-
February 22, 2020 (paid)	18,727	-
Execution of definitive agreement (paid)	22,000	-
April 30, 2020 (paid)	9,273	-
December 30, 2020 * (paid)	40,000	-
June 30, 2021*	50,000	250,000
December 30, 2021*	60,000	-
June 30, 2022*	100,000	500,000
December 30, 2022*	120,000	-
June 30, 2023*	180,000	500,000
December 30, 2023*	250,000	-
June 30, 2024*	350,000	750,000
June 30, 2025*	2,200,000	-
	<u>3,410,000</u>	<u>2,000,000</u>

*These payments were conditional to the register of public deeds, which was delayed due to the COVID-19 global pandemic. Due to the delay registering the agreement, the due dates of these payments were extended 108 days.

The third parties retain a 2% NSR royalty, of which the Company may purchase 1%, (50%) of the NSR for a payment of USD\$1,200,000.

During the period ended March 31, 2021 the Company has incurred acquisition costs as follows:

<i>Acquisition Costs</i>	El Tapau Project	Cerro Negro Project	Canchaque Project	Chanape Project	Miranda Project	Total
December 31, 2019	\$ 147,830	\$ 134,310	\$ 255,104	\$ -	\$ -	\$ 537,244
Additions	130,388	130,834	68,621	124,923	6,979	461,745
Write-off	-	-	(323,725)	-	-	(323,725)
December 31, 2020	278,218	265,144	-	124,923	6,979	675,264
Additions	-	-	-	-	6,391	6,391
March 31, 2021	\$ 278,218	\$ 265,144	\$ -	\$ 124,923	\$ 13,370	\$ 681,655

During the period ended March 31, 2021, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	El Tapau Project	Cerro Negro Project	Chanape	Total
Assay	\$ 54,921	\$ 87,011	\$ 12,731	\$ 154,663
Drilling	77,685	181,265	-	258,950
Equipment rental	2,302	5,370	-	7,672
Field expenditures	20,152	44,244	16,433	80,829
Geological consulting	34,965	57,935	5,440	98,340
Project administration & community relations	3,799	11,808	34,988	50,595
Project management	38,232	38,232	-	76,464
Taxes	36,294	84,685	-	120,979
Travel	-	-	812	812
	<u>\$ 268,350</u>	<u>\$ 510,550</u>	<u>\$ 70,404</u>	<u>\$ 849,304</u>

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

5. MINERAL PROPERTY (cont'd...)

During the period ended March 31, 2020, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	El Tapau Project	Cerro Negro Project	Canchaque Project	Total
Assay	\$ 15,665	\$ 15,665	\$ -	\$ 31,330
Equipment rental	3,420	3,420	-	6,840
Field expenditures	39,217	39,216	5,750	84,183
Geological consulting	59,204	59,202	9,053	127,459
Project administration & community relations	4,227	4,243	25,193	33,663
Project Management	30,297	30,297	-	60,594
Travel	1,668	1,668	111	3,447
	<u>\$ 153,698</u>	<u>\$ 153,711</u>	<u>\$ 40,107</u>	<u>\$ 347,516</u>

6. RELATED PARTY TRANSACTIONS

Key management personnel include 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 Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

During the period ended March 31, 2021 and 2020, the Company entered the following transactions with related parties, not disclosed elsewhere in these consolidated financial statements:

	March 31, 2021	March 31, 2020
Professional fees	\$ 19,088	\$ 15,000
Director fees	19,173	21,901
Exploration costs	76,463	60,594
Management fees	67,154	50,197
	<u>\$ 181,878</u>	<u>\$ 147,692</u>

As at March 31, 2021, \$9,797 (December 31, 2020 - \$3,820) and \$13,335 (December 31, 2020 - \$Nil) was included in accounts payable and accrued liabilities owing and prepaid to officers and directors of the Company in relation to professional fees and reimbursement of expenses respectively.

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

7. SHAREHOLDERS' EQUITY**Authorized**

An unlimited number of common shares without par value.

Escrow

As at March 31, 2021, 6,588,000 common shares were held in escrow and an additional 4,656,250 were subject to resale restrictions.

Issued share capital.

There were no common shares issued in the three months ended March 31, 2021.

During the year ended December 31, 2020, the Company completed a brokered private placement consisting of 13,964,450 units at a price of \$0.70 for gross proceeds of \$9,775,115. Each unit comprises one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.90 per common share for a 24-month period, expiring February 28, 2022.

The Company paid finders fees of \$619,104, paid other share issuance costs of \$246,263, and issued 884,435 compensation warrants to the underwriters. The warrants were valued at \$272,409 using Black-Scholes. Each warrant entitles the holder to purchase one additional common share at a price of \$0.70 per common share for a period of 24 months following closing, expiring February 28, 2022. The Company used the following assumptions when valuing the underwriters warrants: expected volatility of 100%, risk free interest rate of 1.14%, life of 2 years, dividend yield of 0% and forfeiture rate of 0%.

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Stock options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2019	4,225,000	\$ 0.81	-	\$ -
Granted	2,070,000	1.30	7,866,660	0.88
Exercised	(950,000)	0.50	(2,435,068)	0.90
Balance, December 31, 2020 and March 31, 2021	5,345,000	\$ 0.81	5,431,592	\$ 0.87
Exercisable, March 31, 2021	5,326,250	\$ 0.81	5,431,592	\$ 0.87

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

7. SHAREHOLDERS' EQUITY (cont'd...)

The following stock options and warrants were outstanding as at March 31, 2021:

	Number	Exercise price	Expiry date	Remaining Life (years)
Stock Options				
	3,275,000	\$ 0.50	August 9, 2024	3.36
	2,070,000	1.30	June 24, 2025	4.24
Warrants				
	4,557,925	0.90	February 28, 2022	0.92
Agents Warrants				
	873,667	0.70	February 28, 2022	0.92

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years with vesting determined by the board of directors.

The Company did not grant any stock options during the three months ended March 31, 2021 and March 31, 2020. During the year ended December 31, 2020, the Company granted 2,070,000 options with a weighted average fair value of \$0.96 per option to directors, officers, employees, and consultants of the Company. Total share-based payments recognized in the statement of loss and comprehensive loss for the year ended December 31, 2020 was \$1,974,385 for incentive options granted and vested. This amount was also recorded as contributed surplus on the statement of financial position.

TURMALINA METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

8. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash and cash equivalents is valued at a level 1 fair value measurement and is classified as fair value through profit or loss. Receivables are classified at amortized cost. Accounts payable and accrued liabilities are classified as amortized cost.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents is held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of goods and services tax receivable from the government of Canada.

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 manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash and cash equivalents. The Company's practice has been to invest cash and cash equivalents at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash and cash equivalents as they are generally held with large financial institutions. During the period ended March 31, 2021, the Company was not exposed to significant interest rate risk.

TURMALINA METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

b) Foreign currency risk

The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

9. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties in multiple geographical location, refer to Note 5.