



**TURMALINA METALS CORP.**

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

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

	September 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 5,619,898	\$ 10,005,656
Receivables and prepaid expenses (Note 3)	<u>181,285</u>	<u>343,478</u>
	5,801,183	10,349,134
Mineral property (Note 4)	<u>786,553</u>	<u>675,264</u>
	<u>\$ 6,587,736</u>	<u>\$ 11,024,398</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	<u>\$ 141,637</u>	<u>\$ 202,623</u>
<b>Shareholders' equity</b>		
Share capital (Note 6)	23,991,075	23,467,579
Contributed surplus (Note 6)	3,909,757	3,463,393
Deficit	<u>(21,454,733)</u>	<u>(16,109,197)</u>
	<u>6,446,099</u>	<u>10,821,775</u>
	<u>\$ 6,587,736</u>	<u>\$ 11,024,398</u>

**Nature and continuance of operations** (Note 1)

Approved and authorized by the Board on November 17, 2021.

<u>"Rohan Wolfe"</u>	Director	<u>"Bryan Slusarchuk"</u>	Director
Rohan Wolfe		Bryan Slusarchuk	

The accompanying notes are an integral part of these condensed consolidated interim 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 September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
<b>EXPENSES</b>				
Consulting fees (Note 5)	\$ 63,837	\$ 15,000	\$ 124,771	\$ 76,940
Directors and advisory fees (Note 5)	17,623	22,709	57,431	85,620
Exploration costs (Note 4 and Note 5)	1,386,526	1,185,889	3,740,568	2,032,974
Foreign exchange	(32,331)	134,760	28,908	59,480
Investor relations	40,125	31,000	108,375	106,198
Management fees (Note 5)	66,011	70,249	198,761	179,027
Marketing and shareholder communications	27,484	455,428	186,998	959,646
Office and administrative expenses	30,487	26,489	93,684	96,018
Professional fees (Note 5)	45,527	39,186	150,282	194,705
Property investigation	-	29,358	-	72,305
Share-based payments (Note 6)	655,748	36,502	669,860	1,955,409
Transfer agent, filing and listing fees	1,388	7,423	32,584	64,881
Travel	19,217	13,004	22,094	190,642
<b>Loss from operations</b>	<b>(2,321,642)</b>	<b>(2,066,997)</b>	<b>(5,414,316)</b>	<b>(6,073,845)</b>
Interest income	1,994	1,308	68,780	15,374
<b>Loss and comprehensive loss for the year</b>	<b>\$ (2,319,648)</b>	<b>\$ (2,065,689)</b>	<b>\$ (5,345,536)</b>	<b>\$ (6,058,471)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.08)</b>	<b>\$ (0.10)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>66,663,098</b>	<b>65,478,529</b>	<b>66,591,826</b>	<b>60,785,989</b>

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

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

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (5,345,536)	\$ (6,058,471)
Items not involving cash:		
Share-based payments	669,860	1,955,409
Non-cash working capital item changes:		
Receivables and prepaid expenses	162,193	(50,772)
Accounts payable and accrued liabilities	<u>(60,986)</u>	<u>(333,217)</u>
Net cash used in operating activities	<u>(4,574,469)</u>	<u>(4,487,051)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of mineral property	<u>(111,289)</u>	<u>(175,197)</u>
Net cash used in investing activities	<u>(111,289)</u>	<u>(175,197)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	300,000	12,189,523
Share issuance costs	<u>-</u>	<u>(865,367)</u>
Net cash (used in) provided by financing activities	<u>300,000</u>	<u>11,324,156</u>
<b>Change in cash and cash equivalents for the period</b>	(4,385,758)	6,661,908
<b>Cash and cash equivalents, beginning of period</b>	<u>10,005,656</u>	<u>5,360,725</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 5,619,898</u>	<u>\$ 12,022,633</u>

There were no other significant non-cash financing and investing activities during the periods ended September 30, 2021 and 2020. No cash was paid for interest or taxes for the period ended September 30, 2021 and 2020.

The accompanying notes are an integral part of these condensed consolidated interim 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
<b>Balance, December 31, 2019</b>	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	-	(1,137,776)	272,409	-	(865,367)
Stock options exercised	450,000	392,622	(167,622)	-	225,000
Warrants exercised	2,435,068	2,192,724	(3,316)	-	2,189,408
Share-based payments	-	-	1,955,409	-	1,955,409
Loss for the period	-	-	-	(6,058,471)	(6,058,471)
<b>Balance, September 30, 2020</b>	65,799,518	23,031,332	3,630,664	(13,701,630)	12,960,366
Stock options exercised	500,000	436,247	(186,247)	-	250,000
Share-based payments	-	-	18,976	-	18,976
Loss for the period	-	-	-	(2,407,567)	(2,407,567)
<b>Balance, December 31, 2020</b>	66,299,518	23,467,579	3,463,393	(16,109,197)	10,821,775
Stock options exercised	600,000	523,496	(223,496)	-	300,000
Share-based payments	-	-	669,860	-	669,860
Loss for the period	-	-	-	(5,345,536)	(5,345,536)
<b>Balance, September 30, 2021</b>	66,899,518	\$ 23,991,075	\$ 3,909,757	\$ (21,454,733)	\$ 6,446,099

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

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

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**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 PERIOD ENDED SEPTEMBER 30, 2021

**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.

**3. RECEIVABLES AND PREPAID EXPENSES**

	September 30, 2021	December 31, 2020
Goods and service tax ("GST") receivable	\$ 117,401	\$ 94,561
Other receivables and advances	63,884	44,837
Prepayments	-	204,080
Total	\$ 181,285	\$ 343,478



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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

**4. 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 PERIOD ENDED SEPTEMBER 30, 2021

**4. 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:

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

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

**Santa Barbara Project, Argentina**

On July 1, 2020, the Company entered into an option agreement with government organization Instituto Provincial de Exploraciones y Explotaciones Mineras de la Provincia de San Juan, Argentina (IPEEM) to acquire the right to explore and exploit certain claims known as the Santa Barbara Project, Argentina. The Company can maintain the right to explore during an initial 5-year exploration stage by making payments and incurring exploration expenditures as follows:

	Cash Payment (USD \$)	Minimum Exploration Expenditures (USD \$)
Upon signing (paid)	20,000	-
July 1, 2022	-	505,000
July 1, 2023	-	1,124,000
July 1, 2024	-	1,124,000
July 1, 2025	-	1,124,000
July 1, 2026	-	1,223,000
	20,000	5,100,000

During the five-year exploration stage the Company is also required to make a monthly payments of US\$5,519 (US\$0.50 cents per hectare) and loan IPEEM a four-wheel drive vehicle, which will become the property of IPEEM if the agreement terminates. During the second stage (exploitation stage) the Company is required to make a monthly payment of US\$16,557 (US\$1.50 per hectare) until production starts and then a 1% to 2% royalty, with a value to be set at the time the exploitation stage commences.

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

**4. MINERAL PROPERTY (cont'd...)****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:

	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* (paid)	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.

**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.

During the nine-month period ended September 30, 2021, the Company has incurred acquisition costs as follows:

<i>Acquisition Costs</i>	El Tapau Project	Cerro Negro Project	Miranda Project	Santa Barbara Project	Chanape Project	Canchaque Project	Total
December 31, 2019	\$ 147,830	\$ 134,310	\$ -	\$ -	\$ -	\$ 255,104	\$ 537,244
Additions	130,388	130,834	6,979	-	124,923	68,621	461,745
Write-off	-	-	-	-	-	(323,725)	(323,725)
December 31, 2020	278,218	265,144	6,979	-	124,923	-	675,264
Additions	-	-	25,067	23,094	63,128	-	111,289
September 30, 2021	\$ 278,218	\$ 265,144	\$ 32,046	\$ 23,094	\$ 188,051	\$ -	\$ 786,553

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**FOR THE PERIOD ENDED SEPTEMBER 30, 2021****4. MINERAL PROPERTY (cont'd...)**

During the nine-month period ended September 30, 2021, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	El Tapau Project	Cerro Negro Project	Chanape	Total
Assay	\$ 83,017	\$ 236,207	\$ 42,717	\$ 361,941
Drilling	423,057	1,141,183	-	1,564,240
Environmental studies	4,108	9,585	-	13,693
Equipment rental	972	2,294	-	3,266
Field expenditures	98,392	272,854	115,368	486,614
Geological consulting	102,685	224,126	60,315	387,126
Project administration & community relations	13,607	55,262	81,043	149,912
Project management	101,990	101,990	-	203,980
Taxes	144,613	405,689	-	550,302
Travel	99	1,641	17,754	19,494
	<u>\$ 972,540</u>	<u>\$ 2,450,831</u>	<u>\$ 317,197</u>	<u>\$3,740,568</u>

During the nine-month period ended September 30, 2020, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	El Tapau Project	Cerro Negro Project	Canchaque Project	Total
Assay	\$ 35,468	\$ 65,710	\$ -	\$ 101,178
Drilling	179,728	655,792	-	835,520
Equipment rental	2,128	3,540	-	5,668
Field expenditures	54,663	153,547	15,129	223,339
Geological consulting	127,393	172,876	21,186	321,455
Project administration & community relations	8,188	13,591	60,249	82,028
Project Management	105,262	105,262	-	210,524
Taxes	59,795	188,105	-	247,900
Travel	2,589	2,609	164	5,362
	<u>\$ 575,214</u>	<u>\$ 1,361,032</u>	<u>\$ 96,728</u>	<u>\$2,032,974</u>

**5. 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 nine months ended September 30, 2021 and 2020, the Company entered the following transactions with related parties

	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Professional fees	\$ 56,540	\$ 51,746
Director fees	57,431	58,213
Exploration costs	227,112	210,524
Management fees	198,762	179,027
Share-based payments	145,722	1,335,271
	<u>\$ 685,567</u>	<u>\$ 1,834,781</u>

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**FOR THE PERIOD ENDED SEPTEMBER 30, 2021****5. RELATED PARTY TRANSACTIONS (cont'd...)**

As at September 30, 2021, \$14,035 (December 31, 2020 - \$3,820) was included in accounts payable and accrued liabilities owing to officers and directors of the Company.

**6. SHAREHOLDERS' EQUITY****Authorized**

An unlimited number of common shares without par value.

**Escrow**

As at September 30, 2021, 4,941,000 common shares were held in escrow.

**Issued share capital**

There were no financings completed during the nine months ended September 30, 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	<u>(950,000)</u>	0.50	<u>(2,435,068)</u>	0.90
Balance, December 31, 2020	5,345,000	0.81	5,431,592	0.87
Granted	900,000	0.91	-	-
Exercised	<u>(600,000)</u>	0.50	<u>-</u>	-
Outstanding and Exercisable, September 30, 2021	5,645,000	\$ 0.86	5,431,592	\$ 0.87

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

**6. SHAREHOLDERS' EQUITY (cont'd...)**

The following stock options and warrants were outstanding as at September 30, 2021:

	Number	Exercise price	Expiry date	Remaining Life (years)
<b>Stock Options</b>				
	2,675,000	\$ 0.50	August 9, 2024	2.86
	2,070,000	1.30	June 24, 2025	3.73
	900,000	0.91	July 7, 2026	4.77
<b>Warrants</b>				
	4,557,925	0.90	February 28, 2022	0.41
<b>Agents Warrants</b>				
	873,667	0.70	February 28, 2022	0.41

**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.

During the period ended September 30, 2021 the Company granted 900,000 (2020 - 2,070,000) options with a weighted average fair value of \$0.73 (2020 - \$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 period ended September 30, 2021 was \$669,860 (2020 - \$1,955,409) for incentive options granted and vested. This amount was also recorded as contributed surplus on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options:

	September 30, 2021	September 30, 2020
Risk-free interest rate	0.93%	0.38%
Expected life of options	5 years	5 years
Annualized volatility	113.6%	100%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

**TURMALINA METALS CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

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**7. 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 September 30, 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)

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**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

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**7. 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.

**8. 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.