



Hemlo Explorers

Condensed Interim Financial Statements

Three and Nine Months Ended October 31, 2021

(unaudited)

(expressed in Canadian dollars)

Notice of non-review of condensed interim financial statements

In accordance with National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators, notice is given that the condensed interim financial statements for the nine month period ended October 31, 2021 have not been reviewed by the Company's auditors.

Hemlo Explorers Inc.
Condensed Interim Statements of Financial Position
(unaudited and expressed in Canadian dollars)

	October 31, 2021	January 31, 2021
Assets		
Current assets		
Cash and cash equivalents <i>(note 5)</i>	\$ 407,431	\$ 3,385,944
Accounts receivable	76,760	64,272
Prepaid expenses	47,317	22,529
	531,508	3,472,745
Non-Current assets		
Equipment, net <i>(note 6)</i>	14,832	15,654
Right of use asset, net <i>(note 7)</i>	18,520	25,465
	33,352	41,119
Total Assets	\$ 564,860	\$ 3,513,864
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 100,653	\$ 292,234
Lease liability - current <i>(note 7)</i>	9,106	9,106
	109,759	301,340
Non-Current liabilities		
Lease liability - long term <i>(note 7)</i>	9,566	16,378
	119,325	317,718
Shareholders' Equity		
Share capital <i>(note 9)</i>	33,154,766	33,154,766
Contributed surplus <i>(note 10)</i>	7,057,392	6,993,792
Warrants <i>(note 11)</i>	604,200	604,200
Accumulated deficit	(40,370,823)	(37,556,612)
	445,535	3,196,146
Total Equity and Liabilities	\$ 564,860	\$ 3,513,864

Subsequent event *(note 16)*

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

Hemlo Explorers Inc.
Condensed Interim Statements of Operations and Comprehensive Loss
(unaudited and expressed in Canadian dollars)

	Three months ended October 31,		Nine months ended October 31,	
	2021	2020	2021	2020
Expenses				
Exploration expenditures <i>(note 8 and 14)</i>	\$ 754,429	\$ 420,562	\$ 2,440,615	\$ 937,188
Management and administrative services <i>(note 14)</i>	61,411	60,338	191,263	167,913
Office and administration	12,989	6,142	65,791	43,363
Share based compensation <i>(note 10 and 14)</i>	63,600	474,681	63,600	593,606
Shareholder information	5,843	27,070	20,976	63,904
Professional and consulting fees	2,554	2,549	19,753	30,984
Depreciation and amortization <i>(note 6 and 7)</i>	5,110	730	13,042	730
Travel	5,914	420	5,914	420
Interest expense <i>(note 7)</i>	101	-	336	-
Premium on flow-through shares income <i>(note 13)</i>	-	(76,129)	-	(143,091)
Interest income	(344)	(1,535)	(7,079)	(4,646)
Net loss and comprehensive loss	\$ (911,607)	\$ (914,828)	\$ (2,814,211)	\$ (1,690,371)
Basic and diluted net loss per share <i>(note 12)</i>	\$ (0.03)	\$ (0.04)	\$ (0.10)	\$ (0.07)

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

Hemlo Explorers Inc.
Condensed Interim Statements of Cash Flows
(unaudited and expressed in Canadian dollars)

Nine months ended October 31,	2021	2020
Operating Activities		
Net loss	\$ (2,814,211)	\$ (1,690,371)
Items not affecting cash and cash equivalents from operating activities:		
Interest income	(7,079)	(4,646)
Shares issued for mineral properties	-	229,500
Share based compensation	63,600	593,606
Depreciation and amortization	13,042	730
Accretion	336	-
Premium on flow-through shares income	-	(143,091)
Changes in non-cash working capital items		
Accounts receivable	(12,488)	(13,155)
Prepaid expenses	(24,788)	(5,378)
Exploration advances	-	(6,250)
Accounts payable and accrued liabilities	(191,581)	(10,543)
	(2,973,169)	(1,049,598)
Financing Activities		
Issue of common shares	-	4,674,000
Share issue costs	-	(144,561)
Repayment of lease liability (<i>note 7</i>)	(7,148)	-
	(7,148)	4,529,439
Investing Activities		
Interest income	7,079	4,646
Equipment purchases	(5,275)	(15,981)
	1,804	(11,335)
Net change in cash and cash equivalents	(2,978,513)	3,468,506
Cash and cash equivalents, beginning of period	3,385,944	414,762
Cash and cash equivalents, end of period	\$ 407,431	\$ 3,883,268

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

Hemlo Explorers Inc.
Condensed Interim Statements of Changes in Equity
(unaudited and expressed in Canadian dollars)

	<u>Share Capital</u>		<u>Reserves</u>			<u>Total</u>
	<u>Number of shares</u>	<u>Amount</u>	<u>Contributed surplus</u>	<u>Warrants</u>	<u>Accumulated deficit</u>	
Balance, January 31, 2020	17,966,150	\$ 29,197,027	\$ 6,361,051	\$ -	\$ (35,178,317)	\$ 379,761
Private placements (<i>note 9</i>)	8,256,667	4,674,000	-	-	-	4,674,000
Flow-through share premium (<i>note 13</i>)	-	(197,000)	-	-	-	(197,000)
Value of private placements attributed to warrants	-	(604,200)	-	604,200	-	-
Cost of issue of private placements - cash	-	(144,561)	-	-	-	(144,561)
Cost of issue of private placements - shares	51,006	-	-	-	-	-
Issued for mineral properties (<i>note 8</i>)	850,000	229,500	-	-	-	229,500
Share-based compensation (<i>note 10</i>)	-	-	593,606	-	-	593,606
Net loss and comprehensive loss for the period	-	-	-	-	(1,690,371)	(1,690,371)
Balance, October 31, 2020	27,123,823	\$ 33,154,766	\$ 6,954,657	\$ 604,200	\$ (36,868,688)	\$ 3,844,935
Share-based compensation (<i>note 10</i>)	-	-	39,135	-	-	39,135
Net loss and comprehensive loss for the period	-	-	-	-	(687,924)	(687,924)
Balance, January 31, 2021	27,123,823	\$ 33,154,766	\$ 6,993,792	\$ 604,200	\$ (37,556,612)	\$ 3,196,146
Share-based compensation (<i>note 10</i>)	-	-	63,600	-	-	63,600
Net loss and comprehensive loss for the period	-	-	-	-	(2,814,211)	(2,814,211)
Balance, October 31, 2021	27,123,823	\$ 33,154,766	\$ 7,057,392	\$ 604,200	\$ (40,370,823)	\$ 445,535

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

Hemlo Explorers Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended October 31, 2021

(unaudited and expressed in Canadian dollars)

1. Nature of Operations

Hemlo Explorers Inc. (the "Company") was incorporated pursuant to the provision of the Business Corporations Act (of Alberta) on January 10, 2008. On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. On May 20, 2020, the Company changed its name from Canadian Orebodies Inc. to Hemlo Explorers Inc. The address of the Company's registered office is 141 Adelaide Street West, Suite 301, Toronto, Ontario M5H 3L5. Its principal business activity is the exploration of mineral properties. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the cumulative expenditures on mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital. To date, the Company's operations have been minimally impacted and the Company continues to be able to plan and carry out activities.

2. Basis of Presentation and Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the IASB. Accordingly, they do not include all of the information required for full annual financial statements as required by IFRS. These condensed interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended January 31, 2021.

These financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business, and on a historical cost basis except for the revaluation of certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements were approved by the Board of Directors on December 13, 2021.

3. Significant Accounting Policies

The financial framework and accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those as disclosed in the most recently completed audited annual financial statements for the year ended January 31, 2021.

(a) Changes in accounting policies

The Company did not adopt any new accounting policies in the period ended October 31, 2021.

Hemlo Explorers Inc.**Notes to the Condensed Interim Financial Statements**

For the three and nine months ended October 31, 2021

(unaudited and expressed in Canadian dollars)

4. Critical Accounting Estimates and Significant Judgements

The preparation of these financial statements requires management to make judgments and estimates 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. The financial statements include judgments and estimates which, by their nature, are uncertain, and actual outcomes could differ. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

The preparation of these financial statements required the following critical accounting estimates and significant judgments:

- (i) The calculation of the fair value of warrants and stock options requires the use of estimates of inputs in the Black-Scholes option pricing model (notes 10 and 11).
- (ii) Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

5. Cash and Cash Equivalents

Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

	October 31, 2021	January 31, 2021
Cash	\$ 102,729	\$ 188,296
GICs and money market instruments	304,702	3,197,648
Cash and cash equivalents	\$ 407,431	\$ 3,385,944

Hemlo Explorers Inc.
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(unaudited and expressed in Canadian dollars)

6. Equipment

	Exploration Equipment	Office & Computers	Total
Cost			
Balance, January 31, 2021	\$ 11,804	\$ 6,177	\$ 17,981
Additions	-	5,275	5,275
Balance, October 31, 2021	\$ 11,804	\$ 11,452	\$ 23,256
Accumulated depreciation			
Balance, January 31, 2021	\$ (1,328)	\$ (999)	\$ (2,327)
Depreciation expense	(2,357)	(3,740)	(6,097)
Balance, October 31, 2021	\$ (3,685)	\$ (4,739)	\$ (8,424)
Net book value			
Balance, January 31, 2021	\$ 10,476	\$ 5,178	\$ 15,654
Balance, October 31, 2021	\$ 8,119	\$ 6,713	\$ 14,832

7. Leases and Right of Use

The Company's lease contract, which is for a vehicle, requires monthly payments of \$794.24 plus HST until November 16, 2023. The following table summarizes the Company's lease liabilities:

Balance, January 31, 2020	\$ -
Additions	27,779
Accretion of interest	88
Payments	(2,383)
Balance, January 31, 2021	\$ 25,484
Accretion of interest	336
Payments	(7,148)
Balance, October 31, 2021	\$ 18,672
Current	9,106
Non-current	9,566
Total lease liabilities	\$ 18,672

The following table summarizes the Company's right-of-use asset:

Balance, January 31, 2020	\$ -
Additions	27,779
Depreciation	(2,314)
Balance, January 31, 2021	\$ 25,465
Depreciation	(6,945)
Balance, October 31	\$ 18,520

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8. Mineral Properties and Exploration Expenditures

The total cumulative expenditures, net of recoveries, on each property in the Company's mineral property portfolio are as follows:

	North Limb	Pic	Hemlo West	Belcher Islands & Other	Total
January 31, 2020	\$ 939,549	\$ 6,311,635	\$ -	\$ 14,213,098	\$ 21,464,282
Expenditures	670,650	611,621	204,622	4,904	1,491,797
January 31, 2021	\$ 1,610,199	\$ 6,923,256	\$ 204,622	\$ 14,218,002	\$ 22,956,079
Expenditures	2,229,294	175,731	30,686	4,904	2,440,615
October 31, 2021	\$ 3,839,493	\$ 7,098,987	\$ 235,308	\$ 14,222,906	\$ 25,396,694

North Limb Project

On May 24, 2016, the Company purchased a 100% interest in 135 claim units comprising 2,160 hectares approximately 40 kilometers northeast of Marathon, Ontario. As consideration, the Company paid a total of \$25,000 in cash and issued 41,666 common shares valued at \$25,000. In addition, the vendors retain a 1% Net Smelter Return ("NSR") royalty on the purchased claims.

In addition to the purchased claims, the Company staked claims totaling 4,848 hectares.

On May 8, 2020, the Company closed the purchase of the Hemlo West and North Hemlo projects (collectively, the "Projects") from O3 Mining Inc. ("O3"). At closing, the Company issued 850,000 common shares to O3, valued at \$229,500. The North Hemlo project added 64 mining claim cells to the North Limb Project. If in the future the Company publishes a feasibility study in respect of the Projects that contains at least 2,000,000 ounces of gold categorized as Probable Mineral Reserves, Proven Mineral Reserves or a combination thereof, then the Company shall pay a discovery bonus of \$1,000,000 (in cash or shares, at the election of the Company) to O3 within ten days of such publication.

Pic Project

Staked Claims

In addition to the option and claim purchases described below, the Company has staked mining claim cells that form a portion of the Pic Project.

8. Mineral Properties and Exploration Expenditures - continued

Pic Project - continued

Wire Lake Claims

On October 7, 2016, the Company entered into an option agreement with All-Terrain Track Sales & Services Ltd. ("ATTSS") to acquire a 100% interest in 251 claim units comprising 4,047 hectares approximately 15 kilometers northeast of Marathon, Ontario. On signing, the Company paid \$40,000 in cash and issued 26,042 common shares valued at \$25,000. The option agreement called for the Company to make additional cash payments to ATTSS totaling \$550,000 over the following five anniversary dates of the option agreement. The option was completed on October 7, 2021 and the Company granted ATTSS a 2% NSR royalty, one-half of which may be bought back for a lump sum payment of \$1,000,000.

Black Raven Claims

On April 23, 2017, the Company entered into an acquisition agreement (the "Acquisition Agreement") with StrikePoint Gold Inc. ("StrikePoint") to acquire a 100% interest in 415 claim units (the "Black Raven Claims") totaling 6,640 hectares located adjacent to the Company's Wire Lake Claims. Pursuant to the Acquisition Agreement, the Company paid \$15,000 cash on signing, and issued 416,667 common shares valued at \$587,500. Additionally, the Company issued 83,333 share purchase warrants, valued at \$40,025, entitling StrikePoint to acquire up to 83,333 common shares at a price of \$1.89 per share for a period of 12 months.

In conjunction with the Acquisition Agreement, on April 23, 2017 the Company executed a termination and assumption agreement (the "Termination and Assumption Agreement") with the underlying optionors of the Black Raven Claims in order to terminate the underlying option agreement, discharge a future milestone payment and assume the underlying royalty obligations. The Termination and Assumption Agreement called for the Company to issue 66,667 common shares on signing to the Optionors, valued at \$94,000, and assume a 2.5% NSR royalty. The royalty agreement provides that 1.5% of the NSR royalty may be bought back by the Company at any time upon payment of \$1,500,000, or in increments of 0.5% NSR royalty for \$500,000 each.

Goodchild Claims

On February 20, 2018, the Company purchased the Goodchild Lake mining claims (the "Goodchild Claims") from the court-appointed receiver of Century Mining Corporation ("Century") for a cash payment of \$40,000, the assumption of Century's three percent (3%) net smelter returns royalty obligations in respect of the Goodchild Claims and the payment of a portion of the receiver's expenses associated with the transaction. In connection with the purchase, the Company also entered into an agreement with Teck Resources Limited ("Teck") to terminate certain rights Teck had in relation to the Goodchild Claims in exchange for the granting to Teck of a one-half of one percent (0.5%) net smelter returns royalty in respect of the Goodchild Claims. The Company also entered into an agreement with the existing net smelter returns royalty holders on the Goodchild Claims to vary the terms on which the royalty may be bought down. In exchange for the issuance of 13,333 shares of the Company, valued at \$12,000, the Company obtained the right to purchase up to two-thirds of the royalty for \$1,500,000.

8. Mineral Properties and Exploration Expenditures - continued

Pic Project - continued

Benton Claims

On August 16, 2018, the Company completed the acquisition of the "Goodchild Lake" mining claims (the "Benton Claims") from Benton Resources Inc. ("Benton"). The Benton Claims consists of 31 claim cells totaling approximately 500 hectares, and covers a prospective trend adjacent to the northwest portion of the Company's 100% owned Black Raven Claims. As consideration for the purchase, the Company issued Benton 33,333 common shares in the capital stock of the Company valued at \$27,000 and granted Benton a 1.5% net smelter returns royalty ("NSR"). The Company will have the option to buy-down 50% of the NSR at any time for the sum of \$750,000.

Hemlo West Project

On May 8, 2020, the Company closed the purchase of the Hemlo West and North Hemlo projects (collectively, the "Projects") from O3 Mining Inc. ("O3"). The Hemlo West Project consists of 350 mining claim cells located approximately 10 kilometres east of Marathon, Ontario. If in the future the Company publishes a feasibility study in respect of the Projects that contains at least 2,000,000 ounces of gold categorized as Probable Mineral Reserves, Proven Mineral Reserves or a combination thereof, then the Company shall pay a discovery bonus of \$1,000,000 (in cash or shares, at the election of the Company) to O3 within ten days of such publication.

Belcher Islands Iron Project

On February 14, 2011, the Company entered into a non-arm's length Purchase Agreement (the "Agreement") to acquire up to a 100% legal and beneficial interest in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Project with an area of approximately 1,226 hectares, located on the Belcher Islands, Nunavut, Canada. The Company now holds a 100% interest in the NTI Agreement and the vendors retain a 3% gross overriding royalty, of which one-third can be purchased by the Company for a maximum of \$3,000,000. In addition to the lands acquired under the Agreement, the Company staked 29 claims covering 21,816 hectares of Municipal Land.

Hawkins Project Royalty Interest

The Company has a 0.5% NSR royalty on the Hawkins project, which covers 1,536 hectares located in the Hawkins and Walls Townships. The Hawkins project is owned by Pavey Ark Minerals Inc. and under option to E2Gold Inc, who is currently performing a phase 2 drilling program.

9. Share Capital

Authorized share capital

On March 3, 2020, the Company closed a non-brokered private placement that raised aggregate gross proceeds of \$1,174,000 through the sale of 1,640,000 common shares (the "Shares") at a price of \$0.30 per Share, 283,333 flow-through common shares (the "FT Shares") at a price of \$0.36 per FT Share, and 1,333,334 flow-through common shares (the "Premium FT Shares") at a price of \$0.435 per Premium FT Share. The Company paid cash finders' fees of \$13,140 and other issuance costs of \$11,565 in connection with the financing.

On May 8, 2020, the Company issued 850,000 common shares valued at \$229,500 in consideration for the purchase of the Hemlo West and North Hemlo properties from O3 Mining Inc.

On May 20, 2020, the Company consolidated its share capital on a three for one basis.

On August 25, 2020, the Company closed a non-brokered private placement that raised aggregate gross proceeds of \$3,500,000 through the sale of 5,000,000 units (the Units") at a price of \$0.70 per Unit. Each Unit was comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share at a price of \$1.20 until February 25, 2022, subject to certain accelerated expiry terms (note 11). The Company paid issuance costs of \$34,715, cash finders' fees of \$85,142 and issued 51,006 common shares valued at \$41,825 as compensation in connection with the financing.

At October 31, 2021, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to 27,123,823 common shares for \$33,154,766. The common shares do not have a par value. All issued shares are fully paid.

Exercise of Warrants

During the nine months ended October 31, 2021 and year ended January 31, 2021, no share purchase warrants were exercised.

10. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

10. Share Options - continued

The Company records a charge to the statements of operations and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk-free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

On March 9, 2020, the Company granted 505,000 share options to directors, officers, and consultants of the Company, vesting immediately, and exercisable at \$0.30 per share for a period of five years from the date of issuance. The value ascribed to the 505,000 share options granted was estimated at \$88,325 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - \$0.24; expected dividend yield - 0%; weighted expected volatility - 103.53%; risk-free interest rate - 0.53% and an expected life of 5 years.

On May 19, 2020, the Company granted an aggregate of 100,000 share options to employees and consultants of the Company, vesting immediately, and exercisable at \$0.45 per share for a period of five years from the date of issuance. The value ascribed to the 100,000 share options granted was estimated at \$30,600 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - \$0.405; expected dividend yield - 0%; weighted expected volatility - 106.31%; risk-free interest rate - 0.42% and an expected life of 5 years.

On October 5, 2020, the Company granted an aggregate of 825,000 share options to directors, officers, employees and consultants of the Company, vesting immediately, and exercisable at \$0.80 per share for a period of five years from the date of issuance. The value ascribed to the 825,000 share options granted was estimated at \$446,985 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - \$0.70; expected dividend yield - 0%; weighted expected volatility - 111.28%; risk-free interest rate - 0.37% and an expected life of 5 years.

On October 27, 2020, the Company granted an aggregate of 60,000 share options to a director of the Company, vesting immediately, and exercisable at \$0.80 per share for a period of five years from the date of issuance. The value ascribed to the 60,000 share options granted was estimated at \$27,696 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - \$0.61; expected dividend yield - 0%; weighted expected volatility - 110.89%; risk-free interest rate - 0.37% and an expected life of 5 years.

On November 17, 2020, the Company granted 75,000 share options to an employee of the Company, vesting immediately, and exercisable at \$0.80 per share for a period of five years from the date of issuance. The value ascribed to the 75,000 share options granted was estimated at \$39,135 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - \$0.68; expected dividend yield - 0%; weighted expected volatility - 110.43%; risk-free interest rate - 0.43% and an expected life of 5 years.

Hemlo Explorers Inc.
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(unaudited and expressed in Canadian dollars)

10. Share Options - continued

On September 27, 2021, the Company granted 300,000 share options to employees and consultants of the Company, vesting immediately, and exercisable at \$0.35 per share for a period of five years from the date of issuance. The value ascribed to the 300,000 share options granted was estimated at \$63,600 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - \$0.28; expected dividend yield - 0%; weighted expected volatility - 108.88%; risk-free interest rate - 1.06% and an expected life of 5 years.

The following table reflects the continuity of share options for the year ended January 31, 2021 and nine months ended October 31, 2021:

	Options	Weighted avg. exercise price
Balance, January 31, 2020	1,424,167	\$ 0.72
Granted	1,565,000	0.62
Expired	(287,500)	0.69
Balance, January 31, 2021	2,701,667	\$ 0.67
Granted	300,000	0.35
Expired	(508,334)	0.60
Balance, October 31, 2021	2,493,333	\$ 0.64

The following table reflects the actual share options issued, exercisable, and outstanding as at October 31, 2021.

Expiry date	Options	Exercise price
February 3, 2022	603,333	\$ 0.75
April 11, 2022	66,667	1.41
July 4, 2023	33,333	0.84
March 9, 2025	505,000	0.30
May 19, 2025	100,000	0.45
October 5, 2025	825,000	0.80
October 23, 2025	60,000	0.80
September 27, 2026	300,000	0.35
	2,493,333	\$ 0.64

Hemlo Explorers Inc.
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11. Warrants

The table below reflects the continuity of warrants for the year ended January 31, 2021 and nine months ended October 31, 2021:

	Number of warrants	Allocated value
Balance, January 31, 2020	-	\$ -
Issued	2,500,000	604,000
Balance, January 31, 2021	2,500,000	\$ 604,000
Balance, October 31, 2021	2,500,000	\$ 604,000

The exercise price and expiry date of the warrants outstanding as at October 31, 2021 are as follows:

Expiry Date	Type	Number	Exercise Price
February 25, 2022	Warrants	2,500,000	\$ 1.20

12. Loss Per Common Share

The following table sets forth the computation of basic and diluted loss per share for the three and nine months ended October 31, 2021 and 2020:

	Three months ended Oct. 31,		Nine months ended Oct. 31,	
	2021	2020	2021	2020
Loss attributable to common shareholders	\$ (911,607)	\$ (914,828)	\$ (2,814,211)	\$ (1,690,371)
Weighted-average common shares outstanding - basic and diluted	27,123,823	25,751,267	27,123,823	22,623,561
Basic and diluted loss per common share	\$ (0.03)	\$ (0.04)	\$ (0.10)	\$ (0.07)

Diluted loss per share does not include the effect of share options and warrants outstanding if their effect is anti-dilutive.

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(unaudited and expressed in Canadian dollars)

13. Deferred Premium on Flow-through Shares

To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

Balance, January 31, 2020	\$ -
Flow-through financing premium - March 3, 2020	197,000
Premium recognized in loss from operations	(197,000)
Balance, January 31, 2021	\$ -
Balance, October 31, 2021	\$ -

As at October 31, 2021, the Company had no flow-through expenditure obligations.

14. Related Party Transactions and Balances

(a) Director and executive management compensation

Directors and executive management's compensation for the three and nine months ended October 31, 2021 and 2020 consisted of the following:

	Three months ended Oct. 31,		Nine months ended Oct. 31,	
	2021	2020	2021	2020
Salary	\$ 33,962	\$ 37,074	\$ 111,484	\$ 114,571
Consulting fees	32,675	21,150	72,575	51,675
Employment benefits	2,517	2,368	7,684	4,320
Fair value of stock options	-	293,178	-	377,130
	\$ 69,154	\$ 353,770	\$ 191,743	\$ 547,696

Directors and executive management did not receive any stock options during the nine months ended October 31, 2021.

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14. Related Party Transactions and Balances - continued

(b) Director and executive management transactions

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence were as follows:

Account	Note	Transaction value		Balance outstanding	
		9 mo. ended Oct. 31, 2021	2020	as at Oct. 31, 2021	2020
Management and administrative services	(i)	\$ 59,375	\$ 28,125	\$ -	\$ -
Exploration expenditures	(ii)	13,200	4,800	6,000	-
		\$ 72,575	\$ 32,925	\$ 6,000	\$ -

- (i) The Company paid consulting fees to Brian Michael Howlett & Associates Inc., a corporation controlled by Brian Howlett, the Company's CEO and a member of the Board of Directors.
- (ii) The Company paid geological consulting fees to Harvey Holdings Inc., a corporation controlled by John Harvey, a member of the Board of Directors.

15. Capital Risk Management

The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended October 31, 2021. The Company is not subject to externally imposed capital requirements.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

15. Capital Risk Management - continued

Financial risk factors - continued

(a) Credit risk

The Company's credit risk is primarily attributable to accounts receivable which consist primarily of Harmonized Sales Tax receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

(b) Liquidity risk

The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these financial statements, the Company had an accumulated deficit of \$40,370,823. As at October 31, 2021, the Company was not yet generating operating cash flows, but had working capital of \$ 421,749 (January 31, 2021: \$3,171,405). Within this amount, it had a cash balance of \$ 407,431 (January 31, 2021: \$3,385,944) to settle current liabilities of \$109,759 (January 31, 2021: \$301,340).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to fund its liabilities as they become due. All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company may be required to obtain additional capital to continue its progress toward recovering the amount expended on its mineral properties, and although success in this regard is not assured, management is of the opinion that additional capital can be raised as required for the foreseeable future.

(c) Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. Interest rate risk is remote.

(ii) Price risk

The Company is indirectly exposed to price risk with respect to the price of both precious and base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity. 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.

(d) Fair Value

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values because of the short term-nature of these instruments.

15. Capital Risk Management - continued

Financial risk factors - continued

(e) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes a 50% change in equity prices is "reasonably possible" over a twelve month period. As at October 31, 2021, the Company held no marketable securities and as such net income (loss) would not be impacted by such moves in equity prices.

16. Subsequent Event

- (a)** On November 25, 2021, and December 2, 2021 the Company closed a private placement financing for gross proceeds totaling \$1,827,143 over two tranches. In the first tranche, the Company issued 4,925,332 units ("Units"), each comprised of one non flow-through common share and half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant") and 1,529,300 "flow-through" units ("FT Units"), each comprised of one flow-through common share and half of one Warrant, for aggregate gross proceeds of approximately \$1,505,818. In the second tranche, the Company issued 1,289,444 Units and 120,000 FT Units for aggregate gross proceeds of approximately \$321,325. Each Warrant is exercisable to acquire one common share of the Company (a "Warrant Share") at an exercise price of \$0.40 per Warrant Share until May 25, 2023, but subject to certain accelerated expiry terms.

In connection with the closing of the private placement, the Company paid certain cash finders fees and issued 233,226 finder's warrants (each, a "Finder's Warrant") to eligible finders in respect of subscriptions for Units and FT Units referred by such finders. Each Finder's Warrant is exercisable to acquire one common share of the Company (a "Finder's Warrant Share") at an exercise price of \$0.225 per Finder's Warrant Share until May 25, 2023.