



**INTERNATIONAL PROSPECT VENTURES LTD.**

**Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2021 and 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

**INTERNATIONAL PROSPECT VENTURES LTD.**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

**INTERNATIONAL PROSPECT VENTURES LTD.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited)  
(Expressed in Canadian Dollars)

Notes	<b>As at September 30, 2021</b>	As at December 31, 2020
<b>ASSETS</b>		
Current assets		
6	\$ 608,300	\$ 468,143
	33,529	11,851
	22,985	5,938
	<b>664,814</b>	485,932
<b>Non-current assets</b>		
7	311,696	625,708
	<b>976,510</b>	1,111,640
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
	\$ 2,192	\$ 19,371
10	35,380	77,224
	<b>37,572</b>	96,595
<b>EQUITY</b>		
8	4,524,514	3,929,898
	425,384	353,764
8	452,718	214,908
	(4,463,678)	(3,483,525)
	<b>938,938</b>	1,015,045
	<b>976,510</b>	1,111,640

Going Concern (Note 2)

On behalf of the Board of Directors,

*"Glenn J. Mullan"*  
\_\_\_\_\_  
(signed Glenn J. Mullan)  
Director

*"Dr. Robert I. Valliant"*  
\_\_\_\_\_  
(signed Robert I. Valliant)  
Director

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

**INTERNATIONAL PROSPECT VENTURES LTD.**

**Condensed Interim Consolidated Statements of Net loss and Comprehensive loss**

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2021	2020	2021	2020
<b>Operating expenses</b>					
Impairment of exploration and evaluation assets	7	\$ 10,000	\$ 10,000	\$ 500,020	\$ 10,000
Exploration and evaluation expenses	10	63,578	40,500	162,036	50,741
Consulting fees	10	34,800	30,000	94,800	30,000
Share-based payments	8	71,620	-	71,620	58,920
Legal fees		11,199	12,310	46,660	36,382
Regulatory and transfer agent fees		8,554	9,350	25,433	24,234
Office expenses		10,819	6,573	24,428	14,332
Audit and accounting fees		76	716	22,799	19,361
Investor relations		7,000	7,143	16,000	9,768
Director fees		3,195	3,000	9,524	3,000
Travel and promotion		773	1,138	773	1,138
<b>Operating loss</b>		<b>221,614</b>	<b>120,730</b>	<b>974,093</b>	<b>257,876</b>
<b>Other expenses (income)</b>					
Foreign exchange loss		305	377	4,400	373
Interest expense		702	462	1,881	1,001
Interest income		(5)	(1)	(221)	(6)
		1,002	838	6,060	1,368
<b>Net loss and total comprehensive loss for the period</b>		<b>\$ 222,616</b>	<b>\$ 121,568</b>	<b>\$ 980,153</b>	<b>\$ 259,244</b>
<b>Basic and diluted net loss per common share</b>	9	<b>\$ (0.006)</b>	<b>\$ (0.004)</b>	<b>\$ (0.028)</b>	<b>\$ (0.008)</b>
<b>Weighted average number of common shares outstanding</b>	9	<b>39,040,236</b>	<b>33,264,237</b>	<b>35,552,815</b>	<b>30,903,228</b>

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

**INTERNATIONAL PROSPECT VENTURES LTD.**

**Condensed Interim Consolidated Statements of Changes in Equity**

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	Share capital		Contributed Surplus		Warrants	Deficit	Total
		Number						
<b>Balance on January 1, 2021</b>		<b>33,264,237</b>	<b>\$ 3,929,898</b>	<b>\$</b>	<b>353,764</b>	<b>\$ 214,908</b>	<b>\$ (3,483,525)</b>	<b>\$ 1,015,045</b>
Issuance of units under a private placement	8	5,334,999	560,265		-	239,985	-	800,250
Issuance of shares on acquisition of property	7	300,000	49,500		-	-	-	49,500
Issuance of shares on exercise of warrants	8	50,000	8,675		-	(2,175)	-	6,500
Issuance of shares on payment of finders' fees	8	91,000	13,650		-	-	-	13,650
Share-based payments		-	-		71,620	-	-	71,620
Share issue expenses		-	(37,474)		-	-	-	(37,474)
Net loss and comprehensive loss for the period		-	-		-	-	(980,153)	(980,153)
<b>Balance on September 30, 2021</b>		<b>39,040,236</b>	<b>\$ 4,524,514</b>	<b>\$</b>	<b>425,384</b>	<b>\$ 452,718</b>	<b>\$ (4,463,678)</b>	<b>\$ 938,938</b>

		Share capital		Contributed Surplus		Warrants	Deficit	Total
		Number						
<b>Balance on January 1, 2020</b>		<b>27,103,128</b>	<b>\$ 3,626,666</b>	<b>\$</b>	<b>290,916</b>	<b>\$ -</b>	<b>\$ (3,105,605)</b>	<b>\$ 811,977</b>
Issuance of units under a private placement		6,161,109	347,471		-	207,029	-	554,500
Share-based payments		-	-		58,920	-	-	58,920
Share issue expenses		-	(41,466)		-	7,879	-	(33,587)
Net loss and comprehensive loss for the period		-	-		-	-	(259,244)	(259,244)
<b>Balance on September 30, 2020</b>		<b>33,264,237</b>	<b>\$ 3,932,671</b>	<b>\$</b>	<b>349,836</b>	<b>\$ 214,908</b>	<b>\$ (3,364,849)</b>	<b>\$ 1,132,566</b>

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

**INTERNATIONAL PROSPECT VENTURES LTD.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited)  
(Expressed in Canadian Dollars)

		For the nine months ended September 30,	
	Notes	2021	2020
<b>OPERATING ACTIVITIES</b>			
Net loss for the period	\$	(980,153)	\$ (259,244)
Impairment of exploration and evaluation assets		500,020	10,000
Share-based payment		71,620	58,920
		(408,513)	(190,324)
Change in non-cash working capital items			
Prepaid expenses and other		(17,047)	(2,539)
Sales taxes recoverable		(21,678)	3,570
Due to related parties		(41,844)	3,892
Accounts payable and accrued liabilities		(17,179)	218
		(97,748)	5,141
<b>Cashflows used by operating activities</b>		<b>(506,261)</b>	<b>(185,183)</b>
<b>INVESTING ACTIVITY</b>			
Additions to exploration and evaluation assets		(136,508)	(81,874)
<b>Cashflows used by investing activity</b>		<b>(136,508)</b>	<b>(81,874)</b>
<b>FINANCING ACTIVITIES</b>			
Issuance of units under a private placement	8	800,250	554,500
Issuance of shares on exercise of warrants		6,500	-
Share issue expenses		(23,824)	(33,587)
<b>Cashflows from financing activities</b>		<b>782,926</b>	<b>520,913</b>
<b>Increase in cash</b>		<b>140,157</b>	<b>253,856</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>468,143</b>	<b>336,830</b>
<b>Cash and cash equivalents, end of period</b>	\$	<b>608,300</b>	\$ <b>590,686</b>

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

# **INTERNATIONAL PROSPECT VENTURES INC.**

## **Notes to Condensed Interim Consolidated Financial Statements**

**September 30, 2021 and 2020**

(Expressed in Canadian dollars unless otherwise noted)

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### **1) STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES**

International Prospect Ventures Ltd (the "Company" or "International Prospect"), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

The head office of the Company is located at 152 Chemin de la Mine École, Val-d'Or, Québec, J9P 7B6. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9. The Company's common shares are trading on the TSX Venture Exchange under the trading symbol "IZZ".

As at September 30, 2021, Golden Valley Mines and Royalties Ltd. ("Golden Valley"), a shareholder, held a 11.45% (December 31, 2020 – 13.44%) interest in the Company.

These condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2021 were approved and authorized for issue by the Board of Directors on November 22, 2021.

### **2) GOING CONCERN**

These condensed interim consolidated financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors. The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future.

These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

**INTERNATIONAL PROSPECT VENTURES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**September 30, 2021 and 2020**  
(Expressed in Canadian dollars unless otherwise noted)

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### **3) BASIS OF PRESENTATION**

These condensed interim consolidated financial statements, approved by the Board of Directors on November 22, 2021, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, “Interim Financial Reporting”. These condensed interim consolidated financial statements as well as the related notes should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2020.

#### *Subsidiaries*

These condensed interim consolidated financial statements include the accounts of International Prospect and its subsidiary, Valroc Ventures Pty Ltd (“Valroc”). All intercompany balances, transactions, income and expenses and gains or losses have been eliminated on consolidation. Subsidiaries are consolidated where the Company has the ability to exercise control. Control of an investee exists when the Company is exposed to variable returns from the Company’s involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

### **4) RECENT ACCOUNTING PRONOUNCEMENTS**

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company’s accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company’s financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company’s financial statements.

In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 “Business Combinations”, IAS 16 “Property, Plant and Equipment” and IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”) as well as the IASB’s Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2022. The Company is assessing the potential impact of these narrow-scope amendments.



**INTERNATIONAL PROSPECT VENTURES INC.**  
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**5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the condensed interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the condensed interim consolidated financial statements are reasonable; however, actual results may differ materially from these estimates. The areas involving significant judgments, estimates and assumptions have been detailed in note 6 to the Company’s audited financial statements for the year ended December 31, 2020.

*Uncertainty due to COVID-19*

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company’s operations, financial results and condition in future periods are also subject to significant uncertainty.

In the current environment, the assumptions and judgements made by the Company are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions extends, but is not limited to, the Company’s valuation of its Exploration and Evaluation assets, including the assessment for impairment and impairment reversal. Actual results may differ materially from these estimates.

**6) CASH AND CASH EQUIVALENTS**

	As at September 30, 2021	As at December 31, 2020
Cash	\$ 558,125	\$ 417,968
Demand deposits	50,175	50,175
	\$ 608,300	\$ 468,143

The deposit is due on demand, bears interest at 0.35% per annum and is maturing on October 26, 2022.

**INTERNATIONAL PROSPECT VENTURES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**September 30, 2021 and 2020**



(Expressed in Canadian dollars unless otherwise noted)

**7) EXPLORATION AND EVALUATION ASSETS**

The following table presents the additions to exploration and evaluation assets by categories as at September 30, 2021 and December 31, 2020:

	As at January 1, 2021	Additions	Impairment	As at September 30, 2021
Claim and claim maintenance	\$ 189,246	116,508	(176,658)	\$ 129,096
Acquisition	200,000	59,500	(167,182)	92,318
Program management	125,374	-	(95,196)	30,178
Geophysics	51,926	-	-	51,926
Geology	54,726	-	(48,298)	6,428
Other	4,436	-	(2,686)	1,750
Royalty advances	-	10,000	(10,000)	-
	\$ 625,708	186,008	(500,020)	\$ 311,696

	As at January 1, 2020	Additions	Impairment	As at December 31, 2020
Claim and claim maintenance	\$ 130,302	63,718	(4,774)	\$ 189,246
Acquisition	200,000	-	-	200,000
Program management	124,713	661	-	125,374
Geophysics	51,926	-	-	51,926
Geology	40,926	14,406	(606)	54,726
Other	4,436	-	-	4,436
Royalty advances	-	10,000	(10,000)	-
	\$ 552,303	88,785	(15,380)	\$ 625,708

As part of its ordinary business activities, the Company stakes new claims, files for tenements to enhance existing properties or to pursue new geological ideas, drops claims and/or surrender tenements that are no longer considered to be material based on results, changing commodity prices over time or better suited for the objectives of the Company. For the three and nine months ended September 30, 2021, the Company recorded an impairment of \$490,020 on Exploration and evaluation assets as, on July 14, 2021, the Company surrendered four of its eight tenements in the Pilbara Region, Western Australia.

**INTERNATIONAL PROSPECT VENTURES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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(Expressed in Canadian dollars unless otherwise noted)



**7) EXPLORATION AND EVALUATION ASSETS (continued)**

The following table presents exploration and evaluation assets by prospects:

<b>Prospects</b>	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
Pilbara Region	\$ 78,830	\$ 532,000
Porcupine Miracle	93,708	93,708
Beartooth Island	59,500	-
Matoush-Otish	49,608	-
Elliot Lake	30,050	-
<b>Total</b>	<b>\$ 311,696</b>	<b>\$ 625,708</b>

*East Pilbara Gold Projects – Western Australia*

In 2017, the Company and Valroc made an application for eight tenements in the Marble Bar and Nullagine areas of the Pilbara Region, Western Australia (Fortescue Basin). Granting of the exploration licences for all eight properties, which totaled 1,026 square kilometres, was completed in January 2019.

As of July 14, 2021, four of the eight properties were surrendered, leaving the Company with four tenements (8,370 ha) located at the eastern end of the Mosquito Creek Basin (Formation) and covering gold-bearing rocks of the Mosquito Creek and Hardey formations.

*Porcupine Miracle Prospect - Langmuir Township, Ontario*

The Company owns a 100% interest in the Porcupine Miracle Prospect which comprises nine (9) claim cells located in Langmuir Township in the province of Ontario, Canada. The property is subject to a royalty in favor of 2973090 Canada Inc, a company controlled by the President, equal to 3% of net smelter returns. In addition, advance royalty payments of \$10,000 per annum is payable by the Company, which commenced on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty.

*Beartooth Island Uranium Project - Athabasca Basin, Saskatchewan*

On May 6, 2021, the Company announced that it entered into a mining property purchase agreement (the “Agreement”) for the acquisition of the remaining 60% undivided interest in the Beartooth Island Uranium Project (the “Project”). In accordance with the terms of the Agreement, the Company issued 300,000 of its common shares and made a cash payment of \$10,000 to the vendor. With the Company already holding 40% interest, the Company now owns 100% of the Beartooth Island Uranium Project.

**INTERNATIONAL PROSPECT VENTURES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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(Expressed in Canadian dollars unless otherwise noted)

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**7) EXPLORATION AND EVALUATION ASSETS (continued)**

*Beartooth Island Uranium Project - Athabasca Basin, Saskatchewan (continued)*

The Project, focused on uranium exploration, consists of one mineral claim covering an area of 5,940 hectares located in the northwest portion of the Athabasca Basin in Saskatchewan. Separately, the Company has staked four additional mineral claims that were originally associated with the Project. The four additional mineral claims, and the Project together form the Beartooth Island Uranium Project covering Beartooth Island in Lake Athabasca, and totaling 22,581 hectares. The Project is located about 77 km southwest of Uranium City, Saskatchewan.

*Otish/Mistassini Uranium Project - Otish Basin, North Central Québec*

The Company owns a 100% interest in the Otish/Mistassini Uranium Project which comprises 46 claims covering an area of 2,447 hectares, within four (4) separate claim blocks located in the province of Québec.

*Elliot Lake Uranium – Ontario, Canada*

As of September 15, 2021, the Company has staked an extensive land package in the Elliot Lake Uranium Camp, Ontario, Canada. The new property, named Elliot Lake North comprises of 119 mining claims covering approximately 2,583 hectares.

**8) EQUITY**

*a) Share Capital*

**Authorized**

Unlimited number of voting common shares without par value.

**INTERNATIONAL PROSPECT VENTURES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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(Expressed in Canadian dollars unless otherwise noted)



**8) EQUITY (continued)**

**Issue share capital**

The change in issued share capital for the nine months ended September 30, 2021 and 2020 was as follows:

	2021		2020	
	Number of shares	Stated Value	Number of shares	Stated Value
<b>Balance on January 1,</b>	<b>33,264,237</b>	<b>\$ 3,929,898</b>	27,103,128	\$ 3,626,666
Issuance of units under a private placement	5,334,999	560,265	6,161,109	347,471
Issuance of shares on acquisition of property	300,000	49,500	-	-
Issuance of shares on exercise of warrants	50,000	8,675	-	-
Issuance of shares on payment of finders' fees	91,000	13,650	-	-
Share issue expenses	-	(37,474)	-	(41,466)
<b>Balance on September 30,</b>	<b>39,040,236</b>	<b>\$ 4,524,514</b>	33,264,237	\$ 3,932,671

**2021 transactions in share capital**

*Issuance of Units under a private placement*

On June 15, 2021, the Company completed a non-brokered private placement pursuant to which it issued 5,334,999 Units at a per Unit price of \$0.15 for gross proceeds of \$800,250. Each Unit consisted of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share at a per share price of \$0.20 until June 15, 2024, subject to accelerated expiry in certain circumstances.

The related fair value method, using the Black Scholes options pricing model, was retained to estimate the fair value of the 2,667,499 warrants with the following assumptions: an expected volatility of 113%, a risk-free interest rate of 0.54%, an expected unit life of 3 years, no expected dividend yield and a share price at date of grant of \$0.16. As a result, the warrants were valued at \$239,985 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

In connection with the non-brokered private placement, the Company issued 91,000 common shares at a per share price of \$0.15 to various arm's length parties in satisfaction of \$13,650 in finder's fees representing 5% of the purchase proceeds received from subscribers introduced to the Company by the finders. The Company also incurred legal fees and regulatory fees of \$23,824 in relation with the private placement.

**INTERNATIONAL PROSPECT VENTURES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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(Expressed in Canadian dollars unless otherwise noted)

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**8) EQUITY (continued)**

*Issuance of shares for grant of mining option*

As described in note 7, the Company issued 300,000 of its common shares, with a total value of \$49,500, relating to the acquisition of the remaining 60% undivided interest in the Beartooth Island Uranium Project.

*Issuance of shares from exercise of share purchase warrants*

For the nine months ended September 30, 2021, the Company issued 50,000 of its common shares pursuant to the exercise of 50,000 share purchase warrants for a total consideration of \$6,500.

**2020 transactions in share capital**

*Issuance of Units under a private placement*

On June 17, 2020, the Company completed a non-brokered private placement pursuant to which it issued 6,161,109 Units at a per Unit price of \$0.09 for gross proceeds of \$554,500. Each Unit consisted of one common share in the capital of the Company and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share at a per share price of \$0.13 until June 17, 2022, subject to accelerated expiry in certain circumstances. The related fair value method, using the Black Scholes options pricing model, was retained to estimate the fair value of the 6,161,109 warrants with the following assumptions: an expected volatility of 110%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.15. As a result, the warrants were valued at \$207,029 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

In connection with the financing, finder's fees in the aggregate amount of \$7,935 in cash and warrants to acquire an aggregate 88,161 common shares exercisable at a per share price of \$0.13 until June 17, 2022, subject to accelerated expiry in certain circumstances, were paid to an arm's-length finder who introduced the Company to investors.

The Black-Scholes options pricing model was retained to estimate the fair value of the 88,161 non-transferable finders warrants with the following assumptions: an expected volatility of 110.12%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.15. As a result, the warrants were valued at \$7,879 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees and other fees in relation with the private placement for a total of \$25,652.

**INTERNATIONAL PROSPECT VENTURES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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(Expressed in Canadian dollars unless otherwise noted)



**8) EQUITY (continued)**

*Share-based payments*

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the TSX Venture Exchange (the "Exchange"); if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange. All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

A summary of changes in the number of incentive stock option is presented as follows:

	For the nine months ended September 30, 2021		For the year ended December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	2,915,312	\$ 0.12	2,660,312	\$ 0.12
Granted	700,000	0.15	665,000	0.11
Forfeited	-	-	(410,000)	0.12
Outstanding, end of period	3,615,312	\$ 0.12	2,915,312	\$ 0.12

*Incentive stock options granted in 2021*

On September 28, 2021, the Company granted to directors and consultants incentive stock options entitling the purchase 700,000 common shares at an exercise price of \$0.15 per share. The options are exercisable for a period of 3 years until September 28, 2024. All options are exercisable immediately.

The fair value of the 700,000 stock options has been estimated on the date of issue at \$71,620, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.15; expected dividend yield: nil; expected volatility: 117.6% risk-free interest rate: 0.96% expected life: 3 years and exercise price at the date of grant: \$0.15 per share.

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**8) EQUITY (continued)**

*Incentive stock options granted in 2020*

On June 26, 2020, the Company granted to directors, officers and consultants incentive stock options entitling the purchase 665,000 common shares at an exercise price of \$0.115 per share. The options are exercisable for a period of 5 years until June 26, 2025. All options are exercisable immediately. The fair value of the 665,000 stock options has been estimated on the date of issue at \$58,920, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.115; expected dividend yield: nil; expected volatility: 120.06%; risk-free interest rate: 0.31%; expected life: 5 years and exercise price at the date of grant: \$0.115 per share.

*Incentive stock options*

The table below summarizes the information related to outstanding share options as at September 30, 2021:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of stock options outstanding</b>
February 28, 2024	\$ 0.170	50,000
June 17, 2024	\$ 0.160	390,312
September 28, 2024	\$ 0.150	700,000
June 26, 2025	\$ 0.115	665,000
July 10, 2027	\$ 0.050	1,315,000
December 12, 2027	\$ 0.265	495,000
		<b>3,615,312</b>

*Warrants*

A summary of changes in the number of share purchase warrants is presented as follows:

	<b>For the nine months ended September 30, 2021</b>		For the year ended December 31, 2020	
	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	<b>6,249,270</b>	<b>\$ 0.13</b>	-	\$ -
Granted	<b>2,667,499</b>	<b>0.20</b>	6,249,270	0.13
Exercised	<b>(50,000)</b>	<b>0.13</b>	-	-
Outstanding, end of period	<b>8,866,769</b>	<b>\$ 0.15</b>	6,249,270	\$ 0.13



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**8) EQUITY (continued)**

*Warrants (continued)*

The table below summarizes the information related to outstanding warrants as at September 30, 2021:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of warrants outstanding</b>	<b>Exercisable Warrants</b>
June 17, 2022	\$ 0.13	6,199,270	6,199,270
June 15, 2024	\$ 0.20	2,667,499	2,667,499
		<b>8,866,769</b>	<b>8,866,769</b>

**9) LOSS PER SHARE**

Loss per share has been calculated using the weighted average number of common shares outstanding as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	<b>2021</b>	2020	<b>2021</b>	2020
Net loss for the period	\$ (222,616)	\$ (121,568)	\$ (980,153)	\$ (259,244)
Weighted average number of common shares - Basic	<b>39,040,236</b>	33,264,237	<b>35,552,815</b>	30,903,228
Dilutive effect of stock options	-	-	-	-
Weighted average number of common shares - Diluted	<b>39,040,236</b>	33,264,237	<b>35,552,815</b>	30,903,228
Basic loss per share	\$ (0.006)	\$ (0.004)	\$ (0.028)	\$ (0.008)
Diluted loss per share	<b>(0.006)</b>	(0.004)	<b>(0.028)</b>	(0.008)

For the three and nine months ended September 30, 2021, potential dilutive common shares from 3,120,312 (2020 - 2,230,000) and 1,980,000 (2020 - 2,230,000) incentive stock options have not been included in the loss per share calculation as they would result in a reduction of the loss per share.

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**10) RELATED PARTY BALANCES AND TRANSACTIONS**

*a) Transactions with a shareholder*

Effective July 1, 2020, the Company entered into a Cost Sharing Arrangement (the "Sharing Arrangement") with Golden Valley, pursuant to which Golden Valley will provide certain management and financial services such as office space and administrative support relating to the exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9, in consideration of \$8,919 per year (the "reimbursement"), payable on a monthly basis. The Sharing Arrangement provides for the reimbursement to be reviewed on an annual basis.

For the three and nine months ended September 30, 2021, the Company reimbursed Golden Valley the amount of \$1,814 and \$5,442 (for the three and nine months ended September 30, 2020 - \$3,476 and \$3,476) relating to this arrangement.

For efficiency reasons, where the Company and Golden Valley are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at September 30, 2021, the Company had no indebtedness (December 31, 2020 - \$65,782, which is included in due to related parties) to Golden Valley.

*b) Transactions with key management and directors*

Key management personnel of the Company comprise of the members of the board of directors, as well as the President and Chief Executive Officer, the Chief Financial Officer ("CFO") and the Vice President Exploration. The compensation paid to key management is presented below:

- For the three and nine months ended September 30, 2021, consultant fees of \$10,500 and \$31,500 (for the three and nine months ended September 30, 2020 - \$10,500 and \$10,500) were paid by the Company to 2973090 Canada Inc. a company controlled by a director of the Company, relating to the services of the Company's Chairman of the Board. These fees are recorded under exploration and evaluation expense in the consolidated statements of net loss and comprehensive loss. In addition, as part of a Mining Option Agreement signed on the Porcupine Miracle Prospect, the Company paid an advance royalty payment of \$10,000 (2020 - \$10,000) to 2973090 Canada Inc. As at September 30, 2021, the Company had no indebtedness (December 31, 2020 - \$4,024, which is included in due to related parties) to 2973090 Canada Inc.
- For the three and nine months ended September 30, 2021, consultant fees of \$30,000 and \$90,000 (for the three and nine months ended September 30, 2020 - \$30,000 and \$30,000) were incurred by the Company to Ironbark International Limited relating to the services of the Company's President and CEO. These fees are recorded under consulting fees in the consolidated statements of net loss and comprehensive loss. As at September 30, 2021, the Company had no indebtedness (December 31, 2020 - \$nil) to the Company's President and CEO.

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**10) RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

*b) Transactions with key management and directors (continued)*

- For the three and nine months ended September 30, 2021, consultant fees of \$15,000 and \$45,000 (for the three and nine months ended September 30, 2020 - \$15,000 and \$15,000) were incurred by the Company to Caracle Creek International Consulting Inc. relating to the services of the Company's VP Exploration. These fees are recorded under exploration and evaluation expenses in the consolidated statements of net loss and comprehensive loss. As at September 30, 2021, the Company had indebtedness of \$35,380 (December 31, 2020 - \$5,250) to the Company's VP Exploration, which is included in due to related parties.
- For the three and nine months ended September 30, 2021, consultant fees of \$15,000 and \$45,000 (for the three and nine months ended September 30, 2020 - \$15,000 and \$15,000) were incurred by the Company to a company controlled by the Chief Operating Officer of the Company for technical services. These fees are recorded under exploration and evaluation expenses in the consolidated statements of net loss and comprehensive loss. As at September 30, 2021, the Company had no indebtedness (December 31, 2020 - \$nil) to the Company's Chief Operating Officer.
- For the three and nine months ended September 30, 2021, director fees of \$3,000 and \$9,000 (for the three and nine months ended September 30, 2020 - \$3,000 and \$3,000) were incurred by the Company. As at September 30, 2021, the Company had no indebtedness (December 31, 2020 - \$2,168 included in due to related parties) to the Company's director.

*c) Transactions with related parties*

For the three and nine months ended September 30, 2021, the Company was not recharged exploration and evaluation expenses (exploration and evaluation expenses for the three and nine months ended September 30, 2020 - \$nil and \$2,063) from Val-d'Or Mining Corporation ("Val-d'Or Mining"), an entity that has common key management personnel with the Company.

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**11) CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Company's objectives in managing capital are to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production either with partners or by the Company's own means or sale. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in note 8 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

**12) FINANCIAL ASSETS AND LIABILITIES**

*Categories of financial assets and liabilities*

The carrying amounts and fair values of financial instruments presented in the consolidated statements of financial position are as follows:

	As at September 30, 2021		As at December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	\$ 608,300	608,300	\$ 468,143	\$ 468,143
	\$ 608,300	\$ 608,300	\$ 468,143	\$ 468,143
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$ 2,192	\$ 2,192	\$ 19,371	\$ 19,371
Due to related parties	35,380	35,380	77,224	77,224
	\$ 37,572	\$ 37,572	\$ 96,595	\$ 96,595

The carrying value of cash and cash equivalents, due to related parties and accounts payable and accrued liabilities is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

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## **12) FINANCIAL ASSETS AND LIABILITIES (continued)**

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the consolidated statements of financial position are presented in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There have been no significant transfers between Level 1, 2 and 3 in the reporting periods. The techniques and evaluation methods used to measure fair value were not changed compared to previous periods.

## **13) FINANCIAL RISKS**

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

### *Credit risk*

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of cash of \$608,300 as at September 30, 2021 and \$468,143 as at December 31, 2020. The risk related to cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent.

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**13) FINANCIAL RISKS (continued)**

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Accounts payable and accrued liabilities are due within less than 90 days. The Company's cash significantly exceed the current cash outflow requirements.

**14) COMMITMENTS**

*Exploration Expenditure Commitment*

In order to maintain the Company's interest in mining tenements in Australia, the Company is committed to meet the annual minimum expenditure of approximately \$65,000 (or AUD \$70,000) under which the four current tenements were granted.

**15) ADDITIONAL CASH FLOW INFORMATION**

The following significant non-cash transactions have been excluded from the Consolidated Statements of Cash Flows:

		<b>2021</b>		2020
Issuance of shares on acquisition of property	\$	<b>49,500</b>	\$	-
Issuance of shares - finders' fees		<b>13,650</b>		-

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