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**Condensed Interim Consolidated Financial Statements**  
**For the three-month periods ended March 31, 2022 and 2021**  
**Presented in Canadian dollars**  
**(Unaudited)**

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# O3 Mining

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# O3 Mining

## Condensed Interim Consolidated Statements of Financial Position (Tabular amounts express in thousands of Canadian dollars)

As at	March 31, 2022	December 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 19,724	\$ 27,218
Other receivables	253	539
Advances and prepaid expenses	401	343
Taxes recoverable	1,354	1,714
Marketable securities (note 3)	14,839	11,915
Assets of disposal group held for sale (note 4)	6,478	-
<b>Total current assets</b>	<b>43,049</b>	<b>41,729</b>
<b>Non-current assets</b>		
Investment in associate (note 5)	50,549	50,387
Property, plant and equipment (note 6)	3,844	3,552
Exploration and evaluation assets (note 7)	160,950	165,921
Long-term receivables	400	400
<b>Total non-current assets</b>	<b>215,743</b>	<b>220,260</b>
<b>Total assets</b>	<b>\$ 258,792</b>	<b>\$ 261,989</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 4,926	\$ 4,739
Current lease liabilities	241	238
<b>Total current liabilities</b>	<b>5,167</b>	<b>4,977</b>
<b>Non-current liabilities</b>		
Flow-through premium liability (note 10(a))	3,554	7,032
Share-based payment liability (note 8)	2,172	1,189
Non-current lease liabilities	1,280	1,341
Deferred tax liability (note 9)	11,647	9,872
<b>Total non-current liabilities</b>	<b>18,653</b>	<b>19,434</b>
<b>Total liabilities</b>	<b>23,820</b>	<b>24,411</b>
<b>Equity</b>		
Share capital (note 10(a))	204,682	204,682
Contributed surplus (note 10(d))	9,240	8,947
Warrants (note 10(e))	9,399	9,399
Retained earnings	11,651	14,550
<b>Total equity attributed to equity holders of the Corporation</b>	<b>234,972</b>	<b>237,578</b>
<b>Total liabilities and equity</b>	<b>\$ 258,792</b>	<b>\$ 261,989</b>

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

### Commitments (note 13) Subsequent events (note 14)

# O3 Mining

## Condensed Interim Consolidated Statements of Loss/(Income) and Comprehensive Loss/(Income) (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

<i>For the period ended</i>	Three months ended	
	March 31, 2022	March 31, 2021
<b>Expenses/(income)</b>		
Compensation expenses (note 11)	\$ 1,822	\$ 1,081
General and administration expenses (note 11)	917	595
General exploration expenses	5	20
Loss on impairment of exploration and evaluation assets	7,893	-
Flow-through premium income (note 10(a))	(3,478)	(3,823)
Gain on disposition of disposal group held for sale	-	(25,936)
Gain from marketable securities (note 3)	(1,628)	(937)
Gain on disposition of exploration and evaluation assets (note 7)	(4,246)	(97)
<b>Operating loss/(income)</b>	<b>1,285</b>	<b>(29,097)</b>
Finance income	(51)	(87)
Finance costs	52	33
<b>Net finance costs/(income)</b>	<b>1</b>	<b>(54)</b>
Share of gain of associate (note 5)	(162)	-
<b>Loss/(income) before tax</b>	<b>1,124</b>	<b>(29,151)</b>
Deferred income tax expense (note 9)	1,775	1,261
<b>Loss/(income) and comprehensive loss/(income)</b>	<b>\$ 2,899</b>	<b>\$ (27,890)</b>
<b>Basic loss/(earnings) per share (note 10(b))</b>	<b>\$ 0.04</b>	<b>\$ (0.44)</b>
<b>Weighted average number of shares (note 10(b))</b>	<b>68,160,439</b>	<b>63,329,027</b>
<b>Diluted loss/(earnings) per share (note 10(c))</b>	<b>\$ 0.04</b>	<b>\$ (0.44)</b>
<b>Diluted weighted average number of shares (note 10(c))</b>	<b>68,160,439</b>	<b>63,521,015</b>

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

# O3 Mining

## Condensed Interim Consolidated Statements of Changes in Equity (Tabular amounts express in thousands of Canadian dollars)

*Attributable equity to owners of the Corporation*

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Retained Earnings	Total
<b>Balance January 1, 2022</b>	68,160,439	\$ 204,682	\$ 9,399	\$ 8,947	\$ 14,550	\$ 237,578
Loss for the period	-	-	-	-	(2,899)	(2,899)
Stock-based compensation	-	-	-	293	-	293
<b>Balance March 31, 2022</b>	<b>68,160,439</b>	<b>\$ 204,682</b>	<b>\$ 9,399</b>	<b>\$ 9,240</b>	<b>\$ 11,651</b>	<b>\$ 234,972</b>

*Attributable equity to owners of the Corporation*

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit and Accumulated Deficit	Total
<b>Balance January 1, 2021</b>	60,330,966	\$ 184,150	\$ 9,628	\$ 6,816	\$ (5,859)	\$ 194,735
Income for the period	-	-	-	-	27,890	27,890
Stock-based compensation	-	-	-	557	-	557
Expiry of warrants	-	-	(229)	229	-	-
Private placement (net of transaction costs (\$2,050,000))	7,709,300	18,071	-	-	-	18,071
<b>Balance March 31, 2021</b>	<b>68,040,266</b>	<b>\$ 202,221</b>	<b>\$ 9,399</b>	<b>\$ 7,602</b>	<b>\$ 22,031</b>	<b>\$ 241,253</b>

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

# O3 Mining

## Condensed Interim Consolidated Statements of Cash Flows (Tabular amounts express in thousands of Canadian dollars)

<i>For the period ended</i>	March 31, 2022	March 31, 2021
<b>Cash flows provided by/(used in) operating activities</b>		
(Loss)/income for the period	\$ (2,899)	\$ 27,890
Adjustments for:		
Stock-based compensation (note 11)	1,196	479
Depreciation (note 6)	1	2
Flow-through premium income (note 10(a))	(3,478)	(3,823)
Gain on disposition of disposal group held for sale	-	(25,936)
Marketable securities gain (note 3)	(1,628)	(937)
Gain on disposition of exploration and evaluation assets (note 7)	(4,246)	(97)
Loss on impairment of exploration and evaluation assets (note 7)	7,893	-
Interest income	(51)	(87)
Interest expense on lease liabilities	21	14
Share of gain of associate (note 5)	(162)	-
Deferred income tax expense (note 9)	1,775	1,261
	<b>(1,578)</b>	<b>(1,234)</b>
Change in items of working capital:		
Change in other receivables	286	769
Change in advances and prepaid expenses	(58)	(35)
Change in taxes recoverable	364	(453)
Change in accounts payable and accrued liabilities	(843)	(555)
<b>Net cash used in operating activities</b>	<b>(1,829)</b>	<b>(1,508)</b>
<b>Cash flows provided by/(used in) investing activities</b>		
Interest received	51	87
Acquisition of marketable securities (note 3)	(162)	(1,789)
Proceeds on disposition of marketable securities (note 3)	-	6,823
Acquisition of property, plant and equipment (note 6)	(428)	(106)
Addition to exploration and evaluation assets (note 7)	(8,039)	(8,349)
Proceeds on disposition of exploration and evaluation assets (note 7)	2,992	98
Net cash and cash equivalents used in asset acquisitions	-	(137)
<b>Net cash used in investing activities</b>	<b>(5,586)</b>	<b>(3,373)</b>
<b>Cash flows (used in)/provided by financing activities</b>		
Repayment of lease liabilities	(79)	(61)
Net cash received from private placements	-	32,950
<b>Net cash (used in)/provided by financing activities</b>	<b>(79)</b>	<b>32,889</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(7,494)</b>	<b>28,008</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>27,218</b>	<b>34,269</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 19,724</b>	<b>\$ 62,277</b>

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

# O3 Mining

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## Notes to Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

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### **1) Reporting entity**

O3 Mining Inc. ("**O3 Mining**" or the "**Corporation**") is a Canadian corporation domiciled in Canada. The Corporation was incorporated in British Columbia and continued to Ontario on June 28, 2019 under the Ontario Business Corporations Act. The address of the Corporation's registered office is 155 University Ave, Suite 1440, Toronto, Ontario, Canada. The consolidated financial statements of the Corporation at March 31, 2022 include the Corporation and its subsidiaries, O3 Markets Inc., Chalice Gold Mines (Québec) Inc. ("CGMQ"). The Corporation is primarily in the business of acquiring, exploring, and developing precious mineral deposits in Canada.

The business of acquiring, exploring, and developing precious mineral deposits involves a high degree of risk. O3 Mining is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital; exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively O3 Mining's ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that O3 Mining's funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material impairment of the carrying value of mineral properties and deferred exploration.

### **2) Basis of preparation**

#### **a) Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements including IAS 34, Interim Financial Reporting and are presented in thousands of Canadian dollars.

These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with the Corporation's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2021.

These condensed interim consolidated financial statements were authorized for issuance by the Corporation's board of directors (the "Board of Directors") on May 3, 2022.

#### **b) Significant accounting policies**

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2021.

#### **c) Changes in IFRS accounting policies and future accounting pronouncements**

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2022. They are not applicable or do not have a significant impact to the Corporation.

# O3 Mining

## Notes to Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

### 2) Basis of preparation (continued)

#### d) Use of critical estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2021.

### 3) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the three-month period ended March 31, 2022, these shares and warrants were fair valued, and this resulted in an unrealized gain of \$1,628,000 (2021 – loss of \$2,791,000).

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at March 31, 2022 and are therefore classified as level 1 within the fair value hierarchy.

The warrants in the various public companies are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as level 2 within the fair value hierarchy.

The following table summarizes information regarding the Corporation's marketable securities as at March 31, 2022:

<i>As at</i>		<b>March 31, 2022</b>
<b>Balance, beginning of period</b>	<b>\$</b>	<b>11,915</b>
Additions		162
Share consideration from disposition of exploration and evaluation assets (note 11)		1,134
Unrealized gain		1,628
<b>Balance, end of period</b>	<b>\$</b>	<b>14,839</b>

### 4) Assets of disposal group classified as held for sale

During the three-month period ended March 31, 2022, the Corporation announced its intention to dispose of its East Cadillac Project through the sale of its wholly owned subsidiary CGMQ.

On April 21, 2022, the Corporation completed a purchase agreement with Cartier Resources Inc. ("Cartier"), in which it sold its wholly owned subsidiary, CGMQ, in exchange for 46,273,265 common shares of Cartier. As a result of this, the assets held in CGMQ was classified as assets of a disposal group held for sale as at March 31, 2022.



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## Notes to Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

### 4) Assets of disposal group classified as held for sale (continued)

The following table summarizes information regarding the Corporation's assets classified as held for sale as at March 31, 2022:

As at	March 31, 2022
<b>Assets classified as held for sale</b>	
Property, plant and equipment	\$ 27
Exploration and evaluation assets	6,451
<b>Total assets of disposal group held for sale</b>	<b>\$ 6,478</b>

### 5) Investment in associate

Moneta Gold Inc. ("Moneta") is a mineral resource exploration and development company focused on the exploration and development of gold projects in the Timmins Camp of Ontario, Canada. Moneta's head office is located in Canada and it is a public company listed on the Toronto Stock Exchange. The trading price of Moneta's common shares on March 31, 2022 was \$2.31 per share which corresponds to a quoted market value of \$57,560,000 for the Corporation's investment in Moneta.

The equity accounting for Moneta is based on the results to December 31, 2021, adjusted for significant transactions between December 31, 2021 and March 31, 2022.

The Corporation's investment relating to its associate as at March 31, 2022 is detailed as follows:

As at	March 31, 2022
<b>Balance, beginning of period</b>	<b>\$ 50,387</b>
Share of gain for the period	162
<b>Balance, end of period</b>	<b>\$ 50,549</b>

### 6) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment as at March 31, 2022:

Class	Cost					Accumulated depreciation				
	Opening balance	Additions	Transfer to assets classified as held for sale (note 4)	Closing balance	Opening balance	Depreciation	Transfer to assets classified as held for sale (note 4)	Closing balance	Net book value	
Computer Equipment	\$ 239	\$ 10	\$ (18)	\$ 231	\$ 71	\$ 13	\$ (8)	\$ 76	\$ 155	
Office Equipment	9	-	-	9	9	-	-	9	-	
Buildings	2,279	418	-	2,697	212	37	-	249	2,448	
Exploration Equipment	371	-	(25)	346	132	22	(8)	146	200	
Milling Plant	299	-	-	299	-	-	-	-	299	
Leasehold Improvements	831	-	-	831	72	36	-	108	723	
Automobiles	25	-	-	25	5	1	-	6	19	
<b>Total</b>	<b>\$ 4,053</b>	<b>\$ 428</b>	<b>\$ (43)</b>	<b>\$ 4,438</b>	<b>\$ 501</b>	<b>\$ 109</b>	<b>\$ (16)</b>	<b>\$ 594</b>	<b>\$ 3,844</b>	

# O3 Mining

## Notes to Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

### 7) Exploration and evaluation assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at March 31, 2022:

	December 31, 2021		Additions	Disposals	Transfer to assets classified as held for sale (note 4)	Impairment losses	March 31, 2022
Kan - James Bay	\$ 249	\$ -	\$ -	\$ -	\$ -	\$ -	249
FCI - Corvette Lithium	(120)	-	-	120	-	-	-
Éléonore Opinaca	1,014	1	-	-	-	-	1,015
Launay	1,011	1	-	-	-	-	1,012
Marban	86,082	5,227	-	-	-	-	91,309
Alpha	61,725	3,991	-	-	-	-	65,716
Harricana	1,649	-	-	-	-	-	1,649
East Cadillac	14,311	33	-	(6,451)	(7,893)	-	-
<b>Total exploration and evaluation assets</b>	<b>\$ 165,921</b>	<b>\$ 9,253</b>	<b>\$ 120</b>	<b>\$ (6,451)</b>	<b>\$ (7,893)</b>	<b>\$ 160,950</b>	

#### a) Disposition of exploration and evaluation assets

On February 22, 2022, the Corporation completed a transaction with Patriot Battery Metals Inc. ("Patriot"), under which the Corporation disposed of the FCI – Corvette Lithium Property in exchange for (i) 1,800,000 common shares of Patriot, and (ii) a one-time cash payment of C\$3,000,000. Consideration recorded for the claims was \$4,126,000 (less transaction costs of \$8,000). Book value of the properties on the date of disposition was a recoverable amount of \$120,000, resulting in a gain on sale of exploration and evaluation assets of \$4,246,000.

#### b) Impairment on exploration and evaluation assets

On April 21, 2022, the Corporation completed a purchase agreement with Cartier, in which it disposed of a 100% interest in its East Cadillac Project, through the sale of its wholly owned subsidiary, CGMQ, in exchange for 46,273,265 common shares of Cartier. The value of these shares as at March 31, 2022 was \$6,478,000. The net book value of the assets and associated liabilities of CGMQ as at March 31, 2022 and immediately before classifying these as held for sale was \$14,371,000. Due to this triggering event, the Corporation determined that the carrying amount of the exploration assets of the East Cadillac Project exceeded its recoverable amount and as such recorded an impairment of \$7,893,000.

### 8) Restricted share unit and deferred share unit plans

In August 2019, O3 Mining established an RSU plan and a DSU plan. Under these plans, RSUs can be granted to executive officers and key employees and DSUs can be granted to non-executive directors, as part of their long-term compensation package, entitling them to receive payout in cash or shares, or a combination of both. Should the payout be in cash, the cash value of the payout would be determined by multiplying the number of RSUs and DSUs vested at the payout date by the five-day volume weighted average price from closing price of the Corporation's shares on the day prior to the payout date. Should the payout be in shares, each RSU and DSU represents an entitlement to one common share of the Corporation.

The following table summarizes information regarding the Corporation's outstanding and exercisable RSUs and DSUs as at March 31, 2022:

	Number of DSUs	Number of RSUs
<b>Oustanding at December 31, 2021</b>	<b>186,139</b>	<b>580,000</b>
Granted	268,203	480,000
Forfeited	-	(15,000)
<b>Oustanding at March 31, 2022</b>	<b>454,342</b>	<b>1,045,000</b>

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## Notes to Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

### 8) Restricted share unit and deferred share unit plans (continued)

During the three-month period ended March 31, 2022, 268,203 DSUs were issued to directors, 28,203 of which were issued in lieu of directors' fees. The weighted average fair value of the DSU granted was \$2.02 per DSU initially at the closing price of the common shares of the Corporation on the date of grant. The DSUs vest immediately on the date of grant.

During the three-month period ended March 31, 2022, 480,000 RSUs were issued to management. The weighted average fair value of the RSUs granted was \$1.98 per RSU initially at the closing price of the common shares of the Corporation on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

As at March 31, 2022 the share-based payment liability related to each RSU and DSU was re-measured to fair value at the Corporation's closing share price of \$2.37.

The combined total recognized expense for RSUs and DSUs for the three-month period ended March 31, 2022 was \$983,000 (2021 – recovery of \$2,000) from which \$42,000 was capitalized to exploration and evaluation assets (2021 - \$2,000).

### 9) Income taxes

The following table outlines the composition of the deferred tax expense between income tax and mining tax for the period ended March 31, 2021:

	March 31, 2022	March 31, 2021
<i>For the period ended</i>		
Deferred income tax expense/(recovery)	\$ 1,024	\$ (170)
Deferred mining tax expense	751	1,431
<b>Total deferred income tax expense</b>	<b>\$ 1,775</b>	<b>\$ 1,261</b>

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Corporation has the legal right and intent to offset. Deferred tax assets are recognized when the Corporation concludes that sufficient positive evidence exists to demonstrate that it is probable that a deferred tax asset will be realized.

The following table provides the components of the deferred income and mining tax liabilities:

	March 31, 2022	December 31, 2021
<i>As at</i>		
<b>Deferred tax assets</b>		
Losses	\$ 11,285	\$ 11,989
Mining tax deductible for income tax purposes	2,288	2,088
Share issue costs	2,215	2,216
Investment tax credits	262	262
Other net deductible temporary differences	613	246
<b>Total deferred tax assets</b>	<b>\$ 16,663</b>	<b>\$ 16,801</b>
<b>Deferred tax liability</b>		
Exploration and evaluation assets	\$ (15,242)	\$ (14,029)
Investment in associate	(3,832)	(4,371)
Deferred mining tax liability	(8,632)	(7,881)
Other net taxable temporary differences	(604)	(392)
<b>Total deferred tax liability</b>	<b>\$ (28,310)</b>	<b>\$ (26,673)</b>
<b>Net deferred tax liability</b>	<b>\$ (11,647)</b>	<b>\$ (9,872)</b>

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## Notes to Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

### 10) Capital and other components of equity

#### a) Share capital – authorized

	Number of Common Shares	Amount
Balance December 31, 2021	68,160,439 \$	204,682
Balance March 31, 2022	68,160,439 \$	204,682

The authorized capital of O3 Mining consists of an unlimited number of common shares having no par value. The holders of common shares of the Corporation are entitled to one vote per share at shareholder meetings of the Corporation. All shares rank equally with regards to the Corporation's residual assets.

During the three-month period ended March 31, 2022, flow-through premium income of \$3,478,000 was recognized relating to the flow-through shares issued (2021 – \$3,823,000).

#### b) Basic loss and earnings per share

The calculation of basic loss and earnings per share for the three-month periods ended March 31, 2022 and 2021 was based on the loss or income attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

For the period ended	Three months ended	
	March 31, 2022	March 31, 2021
Common shares outstanding, at beginning of the period	68,160,439	60,330,966
Common shares issued during the period	-	2,998,061
<b>Basic weighted average number of common shares</b>	<b>68,160,439</b>	<b>63,329,027</b>
<b>Loss/(income) for the period</b>	<b>\$ 2,899</b>	<b>\$ (27,890)</b>
<b>Basic loss/(earnings) per share</b>	<b>\$ 0.04</b>	<b>\$ (0.44)</b>

#### c) Diluted loss and earnings per share

The calculation of diluted earnings per share for the three-month periods ended March 31, 2021, was based on the income attributable to common shareholders and a basic weighted average number of common shares outstanding, adjusted for the effect of each stock option where the exercise price exceeds the average market price of ordinary shares during the periods and vested DSUs.

During the three-month periods ended March 31, 2021 there were no vested RSUs and the average market price of ordinary shares during the period did not exceed the exercise price of the vested warrants. As a result, no adjustment was made to the basic weighted average number of common shares outstanding for these instruments.

The Corporation incurred losses for the period ended March 31, 2022, therefore all outstanding stock options, warrants, RSUs and DSUs have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive.

# O3 Mining

## Notes to Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

### 10) Capital and other components of equity (continued)

#### c) Diluted loss and earnings per share (continued)

<i>For the period ended</i>	Three months ended	
	March 31, 2022	March 31, 2021
Basic weighted average number of common shares	68,160,439	63,329,027
Effect of dilutive stock options	-	140,547
Effect of dilutive DSUs	-	51,440
<b>Diluted weighted average number of common shares</b>	<b>68,160,439</b>	<b>63,521,015</b>
<b>Loss/(income) for the period</b>	<b>\$ 2,899</b>	<b>\$ (27,890)</b>
<b>Diluted loss/(earnings) per share</b>	<b>\$ 0.04</b>	<b>\$ (0.44)</b>

#### d) Contributed surplus

On August 13, 2019, the Board of Directors issued an incentive stock-option plan to provide additional incentive to its directors, officers, employees, and consultants. The maximum number of shares reserved for issuance under the incentive stock option plan and all other security-based compensation arrangement of the Corporation is 10% of the issued and outstanding common shares of the Corporation, reduced by the numbers of RSUs and DSUs outstanding. The options issued under the plan may vest at the discretion of the Board of Directors and are exercisable for up to 5 years from the date of grant.

The following table summarizes the stock option transactions for the three-month period ended March 31, 2022:

	Number of stock options	Weighted-average exercise price
<b>Outstanding at December 31, 2021</b>	<b>4,650,876</b>	<b>\$ 2.91</b>
Granted	880,000	1.98
Forfeited	(43,334)	3.03
Expired	(127,190)	3.37
<b>Outstanding at March 31, 2022</b>	<b>5,360,352</b>	<b>\$ 2.75</b>

During the three-month period ended March 31, 2022, 880,000 stock options were issued to directors, management and employees for a period of 5 years. The options have been fair valued using the Black-Scholes option-pricing model.

The total recognized expense for stock options for the three-month period ended March 31, 2022 was \$293,000 (2021 - \$558,000) from which \$38,000 was capitalized to exploration and evaluation assets (2021 - \$78,000).

The following table summarizes the weighted average assumptions used for the valuation of the stock options issued during the three-month period ended March 31, 2022:

<i>For the period ended</i>	March 31, 2022
Fair value at grant date	\$ 1.15
Forfeiture rate	4.9%
Share price at grant date	\$ 1.98
Exercise price	\$ 1.98
Expected volatility	82%
Dividend yield	0.0%
Option life (weighted average life)	3.7 years
Risk-free interest rate (based on government bonds)	1.36%

# O3 Mining

## Notes to Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

### 10) Capital and other components of equity (continued)

#### d) Contributed surplus (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at March 31, 2022:

Range of exercise prices per share (\$)	Options outstanding				Options exercisable		
	Weighted-average remaining years of contractual life	Number of stock options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price (\$)	
1.98 to 2.49	4.3	1,105,000	\$2.07	2.6	149,998	\$2.44	
2.50 to 2.79	2.7	1,455,352	\$2.53	2.6	1,035,341	\$2.54	
2.80 to 3.19	2.4	2,005,000	\$3.07	2.4	2,005,000	\$3.07	
3.20 to 3.26	3.8	795,000	\$3.26	3.8	274,994	\$3.26	
<b>1.98 to 3.26</b>	<b>3.1</b>	<b>5,360,352</b>	<b>\$2.75</b>	<b>2.6</b>	<b>3,465,333</b>	<b>\$2.90</b>	

#### e) Warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the three-month period ended March 31, 2022. These warrants are exercisable at one warrant for one common share of the Corporation:

	Number of warrants	Weighted-average exercise price
Outstanding at December 31, 2021	11,832,447	\$ 3.78
Outstanding at March 31, 2022	11,832,447	\$ 3.78

### 11) Expenses

The following table summarizes information regarding the Corporation's expenses for the three-month periods ended March 31, 2022 and 2021:

For the period ended	Three months ended	
	March 31, 2022	March 31, 2021
<b>Compensation expenses</b>		
Stock-based compensation (note 8 and note 10(d))	\$ 1,196	\$ 479
Salaries and benefits	626	602
<b>Total compensation expenses</b>	<b>\$ 1,822</b>	<b>\$ 1,081</b>
<b>General and administration expenses</b>		
Shareholder and regulatory expense	\$ 350	\$ 147
Travel expense	76	-
Professional fees	332	321
Office expense	159	127
<b>Total general and administration expenses</b>	<b>\$ 917</b>	<b>\$ 595</b>
<b>Marketable securities</b>		
Realized gain from marketable securities (note 3)	\$ -	\$ (3,728)
Unrealized loss/(gain) from marketable securities (note 3)	(1,628)	2,791
<b>Total marketable securities loss/(gain)</b>	<b>\$ (1,628)</b>	<b>\$ (937)</b>

# O3 Mining

## Notes to Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

### 12) Related party transactions

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Corporation and other related parties are disclosed below.

During the three-month period ended March 31, 2022, management fees, geological services, rent and administration fees of \$171,000 (2021 - \$182,000) were incurred with Osisko Mining, a related company of the Corporation by virtue of Osisko Mining having significant influence over the Corporation. Also, Mr. John Burzynski, Chairman of the Board of Directors of O3 Mining, serves as Executive Chairman, CEO, and Director of Osisko Mining, Mr. José Vizquerra, President and CEO of O3 Mining, serves as a Director of Osisko Mining and Mr. Blair Zaritsky, CFO of O3 Mining, serves as CFO of Osisko Mining. Accounts payable and accrued liabilities to Osisko Mining as at March 31, 2022 were \$57,000.

The following table summarizes remuneration attributable to key management personnel for the three-month periods ended March 31, 2022 and 2021:

<i>For the period ended</i>	Three months ended	
	March 31, 2022	March 31, 2021
Salaries expense of key management	\$ 160	\$ 156
Directors' fees	134	120
Stock-based compensation	464	273
<b>Total</b>	<b>\$ 758</b>	<b>\$ 549</b>

### 13) Commitments

The Corporation has the following exploration commitments as at March 31, 2022:

	Total	2022	2023	2024	2025
Equipment leases	\$ 303	\$ 120	\$ 137	\$ 38	\$ 8
<b>Total</b>	<b>\$ 303</b>	<b>\$ 120</b>	<b>\$ 137</b>	<b>\$ 38</b>	<b>\$ 8</b>

The Department of Finance passed legislation, applicable to the June 19, 2020 private placement, which extends the flow-through funds spend period and the look-back rule by one year, including suspending the Part XII.6 tax for the same period. Based on the new legislation, as of March 31, 2022, the Corporation is required to spend the following flow-through funds by December 31, 2022:

Closing Date of Financing	Province	Remaining Flow-through Funds
June 19, 2020	Québec	\$ 601
February 25, 2021	Québec	7,756
<b>Total</b>		<b>\$ 8,357</b>

The Corporation is subject to Part XII.6 taxes on any unspent flow-through expenditures after February 1, 2022.

### 14) Subsequent events

On May 3, 2022, O3 Mining acquired 100% of the rights, title and interests in the East-West Property from Emgold Mining Corporation ("Emgold") in exchange for (i) cash consideration of \$750,000, (ii) 325,000 common shares in the capital of the Corporation; and (iii) the grant of a 1% net smelter returns royalty over the East-West Property in favour of Emgold, subject to certain buy-back rights in favour of O3 Mining.