



GUNPOINT EXPLORATION LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE AND THREE MONTHS ENDED 30 SEPTEMBER 2021

(expressed in thousands of Canadian Dollars, unless otherwise noted)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 the Canadian Institute of Chartered Accountants for a review of consolidated interim financial statements by an entity's auditor.

TABLE OF CONTENTS

Management’s Responsibility	i
Condensed Interim Consolidated Statements of Financial Position.....	1
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss	3
Condensed Interim Consolidated Statement of Changes in Equity.....	4
Condensed Interim Consolidated Statements of Cash Flows	5
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	6
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021	6
1) Nature of operations and going concern	6
2) Basis of presentation – Statement of Compliance	6
3) Summary of significant accounting policies	7
4) Management of Capital.....	7
5) Financial instruments and risk management	7
6) Long-term Investments	9
7) Mineral properties	10
8) Promissory note	12
9) Share capital	13
10) Related party transactions and obligations.....	14
11) Segment disclosures.....	14
12) Subsequent events.....	15

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Gunpoint Exploration Ltd.:

Management is responsible for the preparation and presentation of the accompanying Condensed Interim Consolidated Financial Statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the Condensed Interim Consolidated Financial Statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of Gunpoint Exploration Ltd.'s external auditors.

The Company's independent auditor has not performed a review of these Condensed Interim Consolidated Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

We draw attention to Note 1 in the Condensed Interim Consolidated Financial Statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

"P. Randy Reifel"

P. Randy Reifel, CEO

"Cindy leong"

Cindy leong, CFO

GUNPOINT EXPLORATION LTD.
(Unaudited)
amount expressed in thousands of Canadian Dollars, unless otherwise noted
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 September 2021	As at 31 December 2020
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 50.2	\$ 385.2
Amounts receivable and prepaid expenses		21.8	5.3
		72.0	390.5
Non-current Assets			
Investment in mineral properties	(7)	5,779.9	5,472.2
Long-term investment	(6)(6)	954.7	2,026.4
Reclamation deposit		223.6	223.4
		\$ 7,030.2	\$ 8,112.5
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 513.3	\$ 354.7
Promissory note	(8)	700.0	700.0
		1,213.3	1,054.7
Non-current Liabilities			
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Due to related party		1,032.0	1,032.0
Decommissioning obligation		211.5	211.4
Total Liabilities		\$ 2,456.8	\$ 2,298.1
EQUITY			
	(9)(9)		
Share capital	9)	9,637.4	9,637.4
	(9)(9)		
Reserves	9)	43,370.7	43,355.4
	(9)(9)		
Deficit	9)	(48,434.7)	(47,178.4)
		4,573.4	5,814.4
		\$ 7,030.2	\$ 8,112.5
Nature of operations and going concern	(1) Segment disclosures		(11)(12)

GUNPOINT EXPLORATION LTD.

(Unaudited)

amount expressed in thousands of Canadian Dollars, unless otherwise noted

Management of Capital

(4) Subsequent events

(12)

The Condensed Interim Consolidated Financial Statements were approved and authorized for issue by the Board of Directors on 25 October 2021 and were signed on its behalf by:

"P. Randy Reifel"

P. Randy Reifel, Director

"Gerald L. Sneddon"

Gerald L. Sneddon, Director

GUNPOINT EXPLORATION LTD.

(Unaudited)

amount expressed in thousands of Canadian Dollars, unless otherwise noted

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	9 Months Ended 30 September 2021	9 Months Ended 30 September 2020	3 Months Ended 30 September 2021	3 Months Ended 30 September 2020
Expenses				
Professional fees	(76.3)	(39.0)	(30.8)	(6.3)
General and administration	(60.6)	(60.3)	(20.2)	(18.2)
Exploration	(26.0)	(1.1)	(24.5)	(0.1)
Share based compensation	(15.3)	(31.3)	(3.2)	(7.6)
Note 10) \$	\$ (178.2)	\$ (131.7)	\$ (78.7)	\$ (32.2)
Other Income (Expense), net				
Finance cost (net)	(27.6)	(27.4)	(9.1)	(9.2)
Other income (expense)	160.1	185.8	(2.6)	-
Foreign exchange gain (loss)	(3.9)	9.0	7.3	(14.0)
Unrealized gain (loss) on investment	(1,206.7)	1,090.2	(406.7)	860.8
Note (6)	(1,078.1)	1,257.6	(411.1)	837.6
Net Income (loss) and Comprehensive Income (loss) for the Period	(1,256.3)	1,125.9	(489.8)	805.4
Basic and Diluted Loss per Share	\$ (0.03)	\$ 0.03	\$ (0.01)	\$ 0.02
Weighted Average Shares Outstanding				
Basic	43,501,600	43,501,600	43,501,600	43,501,600
Diluted	44,951,600	44,532,850	44,951,600	44,532,850
Total Shares Issued and Outstanding	43,501,600	43,501,600	43,501,600	43,501,600

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Share Capital	Additional paid-in capital	Warrants reserves	Share-based payments reserves	Convertible debenture reserves	Accumulated Deficit	Total Equity
BALANCE AS AT 31 DECEMBER 2020	43,501,600	\$ 9,637.4	\$ 41,509.9	\$ 43	\$ 1,737.4	\$ 65.1	\$ (47,178.4)	\$ 5,814.4
Share based compensation	-	-	-	-	15.3	-	-	15.3
Net income for the period	-	-	-	-	-	-	(1,256.3)	(1,256.3)
BALANCE AS AT 30 SEPTEMBER 2021	43,501,600	\$ 9,637.4	\$ 41,509.9	\$ 43	\$ 1,752.7	\$ 65.1	\$ (48,434.7)	\$ 4,573.4

	Shares	Share Capital	Additional paid-in capital	Warrants reserves	Share-based payments reserves	Convertible debenture reserves	Accumulated Deficit	Total Equity
BALANCE AS AT 31 DECEMBER 2019	43,501,600	\$ 9,637.4	\$ 41,509.9	\$ 43	\$ 1,698.5	\$ 65.1	\$ (48,686.6)	\$ 4,267.3
Share based compensation	-	-	-	-	31.3	-	-	31.3
Net income for the period	-	-	-	-	-	-	1,125.9	1,125.9
BALANCE AS AT 30 SEPTEMBER 2020	43,501,600	\$ 9,637.4	\$ 41,509.9	\$ 43	\$ 1,729.8	\$ 65.1	\$ (47,560.7)	\$ 5,424.5

GUNPOINT EXPLORATION LTD.
(Unaudited)
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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	9 months ended 30 September 2021	9 months ended 30 September 2020	3 months ended 30 September 2021	3 months ended 30 September 2020
OPERATIVE ACTIVITIES				
Net Income (Loss) for the Period	\$ (1,256.3)	\$ 1,125.9	\$ (489.8)	\$ 805.4
Items not Affecting Cash				
Share based compensation	15.3	31.3	3.2	7.6
Unrealized foreign exchange loss (gain)	3.9	(9.0)	(7.3)	14.0
Unrealized losses (gain) from investment	1,206.7	(1,090.2)	406.7	(860.8)
Other	(135.0)	(56.0)	-	-
	(165.4)	2.0	(87.2)	(33.8)
Net Change in Non-cash Working Capital				
Prepaid expenses	(16.6)	0.2	(7.0)	2.3
Accounts payable and accrued liabilities	158.6	28.6	118.9	7.6
Cash (Used in) Operating Activities	(23.4)	30.8	24.7	(23.9)
INVESTING ACTIVITIES				
Mineral property expenditures	(106.5)	(264.6)	(204.1)	(204.7)
Cash (Used in) Provided by Investing Activities	(106.5)	(264.6)	(204.1)	(204.7)
Effects of currency translation on cash	(3.9)	11.8	10.3	(17.4)
Net Increase (Decrease) in Cash	(331.1)	(233.8)	(179.4)	(228.6)
Cash position – Beginning of Period	385.2	653.5	219.3	677.5
Cash Position – End of Period	\$ 50.2	\$ 431.5	\$ 50.2	\$ 431.5

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021****1) Nature of operations and going concern**

Gunpoint Exploration Ltd. ("Gunpoint" or the "Company") was incorporated under the laws of British Columbia on October 27, 1989. Gunpoint is focused on the acquisition and exploration of precious metals located in the United States, Mexico and Guatemala.

Gunpoint is domiciled in Vancouver, Canada and its common shares are listed on the TSX Venture Exchange under the trading symbol "GUN:TSXV". The Company is controlled by Chesapeake Gold Corp. ("Chesapeake") which owns 74% of the Company. The Company's registered office is at Suite 201 - 1512 Yew Street, Vancouver, BC, V6K 3E4, Canada.

These Condensed Interim Consolidated Financial Statements (the "Financial Statements") have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has not generated operating revenue from its mineral properties. The ability of the Company to continue as a going concern is dependent upon obtaining additional equity and/or debt financing for the exploration and development of its mineral properties. These conditions indicate the existence of material uncertainties that may cast substantial doubt about the Company's ability to continue as a going concern.

The Company is currently holding its mineral properties on care and maintenance until additional financing can be raised from joint venture partners, divestures and investors.

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

These Financial Statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements; these adjustments could be material.

	30 September 2021	31 December 2020
Working deficit	\$ (1,141.3)	\$ (664.2)
Accumulated deficit	\$ (48,434.7)	\$ (47,178.4)

2) Basis of presentation – Statement of Compliance

These unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and as a result, these Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 December 2020.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited Condensed Interim Consolidated Financial Statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended 31 December 2020.

The Company's interim results are not necessarily indicative of its results for a full year.

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are consistent with those applied and disclosed in the most recent audited annual consolidated financial statements. For a complete summary of significant accounting policies, please refer to the Company's audited consolidated financial statements for the year ended 31 December 2020.

4) Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and investments. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, such as Canadian Government treasury bills, banker's acceptances or Guaranteed Investments Certificates, with initial maturity terms less than one year from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debts, acquire or dispose of assets or adjust the amount of cash and investments. There were no changes in the Company's approach to capital management during the nine months ended 30 September 2021. The Company is not subject to externally imposed capital requirements.

5) Financial instruments and risk management

a) Financial instrument classification and measurement

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total
				30 September 2021
Long-term investment	\$ 954.7	\$ -	\$ -	\$ 954.7

	Level 1	Level 2	Level 3	Total
				31 December 2020
Long-term investment	\$ 2,026.4	\$ -	\$ -	\$ 2,026.4

The fair value of other financial instruments, including cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, promissory note payable, and amounts due to a related party, approximate their carrying values due to the relatively short-term maturity of these instruments. The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the nine months ended 30 September 2021.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, long-term investment, accounts payable and amounts due to a related party. As at 30 September 2021, the carrying value of cash and long-term investment is at fair value. Accounts payable and amounts due to a related party approximate their fair value due to their short-term nature.

The fair values of financial instruments are summarized as follows:

	30 September 2021		31 December 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash	\$ 50.2	\$ 50.2	\$ 385.2	\$ 385.2
Long-term investment	954.7	954.7	2,026.4	2,026.4
Financial liabilities				
Accounts payable & accrued liabilities	513.3	513.3	354.7	354.7
Due to related party	1,032.0	1,032.0	1,032.0	1,032.0

c) Credit risk

The Company's credit risk is primarily attributable to cash. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk arising from operations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. The Company's cash is held through large Canadian financial institutions. As at 30 September 2021, management considers the Company's exposure to credit risk is minimal.

d) Liquidity risk

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 4. The accounts payable are due within the current operating period.

As at 30 September 2021, the Company had a cash balance of \$50.2 (31 December 2020 – \$385.2) to settle current liabilities of \$513.3 (31 December 2020 – \$354.7). So far, the Company is not profitable and has had to rely on the issuance of equity securities for cash, primarily through private placements and from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

e) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in the equity markets. The Company closely monitors market values to determine the most appropriate course of action.

f) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

g) Currency risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States, Mexico and Guatemala. Certain costs and expenses are incurred in US dollars, Mexican pesos and Guatemala quetzal. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

6) Long-term Investments

LONG-TERM INVESTMENTS	Fair Value
Fair Value as at 31 December 2019	\$ 442.2
Acquired	73.3
Unrealized gain/(loss)	1,510.9
Fair Value as at 31 December 2020	2,026.4
Acquired	135.0
Unrealized gain/(loss)	(1,206.7)
Fair Value as at 31 September 2021	\$ 954.7

Long-term investments are designated as fair value through profit and loss and carried at market value. Unrealized gains and losses are classified as part of the calculation of net income or loss. During the nine months ended 30 September 2021, the unrealized loss recorded in investments is \$1,206.7 (31 December 2020 gain – \$1,510.9).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

7) Mineral properties

MINERAL PROPERTIES		Telapooosa
Balance as at 31 December 2019	\$	5,176.8
Licence, dues and fees		263.8
Geological & engineering		23.0
Other		8.6
Balance as at 31 December 2020		5,472.2
Licence, dues and fees		274.8
Geological & engineering		26.4
Other		6.5
Balance as at 31 September 2021	\$	5,779.9

a) Talapooosa (Nevada, USA)

In Nevada, the Company owns a 100% interest in the Talapooosa gold property ("Talapooosa") which consists of 535 unpatented lode mining claims, including 509 claims owned by the Company and 26 claims subject to a lease agreement with a third party (the "Unpatented Leased Land"). These claims are administered by the Bureau of Land Management ("BLM") and the annual maintenance fees for these claims payable to the BLM are approximately US\$75.0 and the annual lease payment for the Unpatented Leased land is US\$35.0. In addition, there are certain payments required for the land owned subject to leases with private landowners (the "Fee Leased Land"). The current annual payments for Fee Leased Land are approximately US\$43.0.

On 31 March 2015, the Company entered into an agreement with Timberline Resources Corporation ("Timberline"), granting Timberline an option (the "Option") to acquire from Gunpoint's subsidiary, American Gold Capital US Inc. ("American Gold"), a 100% interest in Talapooosa. Under the Option, Timberline could acquire Talapooosa for US\$10 million in cash and share consideration. Timberline did not make an option payment due 31 March 2018 to Gunpoint. Timberline's option was terminated and a 100% interest reverted back to the Company. Total consideration received by Gunpoint during the option term was US\$1.3 million and 3 million common shares of Timberline. As at 30 September 2021, the fair market value of the 3 million Timberline shares was \$540.0 (31 December 2020 – \$1,350.0).

b) La Cecilia (Sonora State, Mexico)

La Cecilia is located in Sonora State, Mexico and comprises three mineral concessions totalling 794 hectares. On 31 January 2017, the Company entered into an agreement ("Option Agreement") with Riverside Resources Inc. ("Riverside") whereby Riverside has an option to acquire a 100% interest in La Cecilia.

Pursuant to the Option Agreement, Riverside can acquire a 100% interest in La Cecilia by making \$250.0 in cash payments and issuing one million Riverside common shares to the Company per the following schedule:

- A payment of \$10.0 upon execution of the Option Agreement; (Received)
- A \$15.0 cash payment and issuance of 100,000 common shares of Riverside concurrent with the execution of registerable agreement in Mexico ("the Effective Date"); (Received)
- A \$25.0 cash payment and issuance of 200,000 common shares of Riverside on or before the first anniversary of the Effective Date; (Received)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

- A \$75.0 cash payment and issuance of 300,000 common shares of Riverside on or before the second anniversary of the Effective Date; (Received) and
- A \$125.0 cash payment and issuance of 400,000 common shares of Riverside on or before the third anniversary of the Effective Date. (Received)

Riverside completed its acquisition of La Cecilia in 2020. In total, the Company received \$250.0 and 1 million shares of Riverside. As at 31 December 31 2020, the La Cecilia property is recorded at \$nil value due to a previous impairment. The consideration received from Riverside was recognized as income.

In September 2020, Riverside spun out their Penoles project in Mexico by way of a plan of arrangement issuing common shares of Capitan Mining Inc. ("Capitan") to existing Riverside shareholders. Capitan is a new public company on the TSX Venture Exchange and Gunpoint received 259,399 Capitan shares. As at 30 September 2021, the fair market value of the 259,399 Capitan shares was \$54.5 (31 December 2020 – \$68.7).

c) La Gitana (Oaxaca State, Mexico)

The La Gitana Property ("La Gitana") is located in Oaxaca State and encompasses 494 hectares.

On 4 June 2019, the Company signed a non-binding letter of intent (the "LOI") with Inomin Mines Inc to sell its 100% interest in La Gitana. The LOI provides for an exclusivity period to conduct due diligence and conclude a definitive agreement to finalize the purchase terms of the Transaction.

Pursuant to the LOI, Inomin has an option to acquire La Gitana by making \$300.0 in cash payments and issuing 2,000,000 common shares as follows:

- A payment of \$10.0 on signing LOI; (Received)
- A payment of \$25.0 and 150,000 shares following execution of definitive agreement;
- A payment of \$50.0 and 250,000 shares on first anniversary;
- A payment of \$65.0 and 450,000 shares on second anniversary;
- A payment of \$75.0 and 500,000 shares on third anniversary; and
- A payment of \$75.0 and 650,000 shares on fourth anniversary.

The definitive agreement required a surface rights agreement with the Santa Maria Lachixonace Ejido community ("Ejido"). The Company was unable to reach an agreement with the Ejido and on 4 August 2020, Gunpoint agreed to sell La Gitana and another exploration property in Oaxaca state ("Pena Blanca") to Inomin for \$25.0 and 1 million common shares of Inomin.

On 21 March 2021, the TSX Venture Exchange approved the transaction and the Company received the consideration of a \$25.0 cash payment and 1 million common shares of Inomin. As at 30 September 2021, the fair market value of the 1 million Inomin shares was \$80.0 (31 December 2020 – \$nil).

The Company retains a 1.5% NSR on Pena Blanca. Inomin has the option to purchase 0.5% of the 1.5% NSR from Gunpoint for \$1.0 million dollars.

d) Cerro Minas Project (Oaxaca State, Mexico)

The Cerro Minas Property ("Cerro Minas") is located 130 kilometers southwest of Oaxaca City and comprises 899 hectares.

On 16 October 2019, Gunpoint entered into an agreement ("Option Agreement") with Megastar Development Corp. ("Megastar") whereby Megastar was granted an option to acquire a 100% in Cerro Minas. Pursuant to

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

the Option Agreement, Megastar can acquire Cerro Minas by making US\$100.0 in cash payments and issuing 800,000 Megastar common shares to Gunpoint over three years per the following schedule:

- A payment of US\$10.0 and 100,000 common shares of Megastar on the October 19, 2019 (Received)
- A US\$20.0 cash payment and 150,000 common shares of Megastar on or before October 19, 2020 (Received)
- A US\$30.0 cash payment and 250,000 common shares of Megastar on or before October 19, 2021; and
- A US\$40.0 cash payment and 300,000 common shares of Megastar on or before October 19, 2022.

Gunpoint retains a 1.5% net smelter royalty on Cerro Minas which Megastar has the option to purchase a 0.5% net smelter royalty for US\$1.0 million dollars. Megastar will be responsible for the property taxes and holding costs (including surface right agreement) to maintain Cerro Minas in good standing during the term of the agreement. As at 30 September 2021, the fair market value of the 250,000 Megastar shares received was \$22.5 (31 December 2020 – \$37.5).

e) El Escorpion (Guatemala)

The Company acquired a 100% interest in El Escorpion by issuing 500,000 common shares to Chesapeake and assuming the remaining property payments to the concession owner. To date, the vendor has received US\$331.0 of the US\$351.0 purchase price.

If Chesapeake elects to purchase the existing 1.0% NSR, Chesapeake will be granted a 0.5% NSR royalty from Gunpoint. In addition, Gunpoint will issue 1.0 million common shares to Chesapeake in the event a NI 43-101 measured and indicated resource estimate of 1.0 million gold equivalent ounces is defined on El Escorpion.

On 19 August 2015, the Ministry of Energy and Mines granted title for the El Escorpion concessions. In late 2016, the Constitutional Court of Guatemala temporarily suspended permits for several mineral concessions in the country including El Escorpion. The Constitutional Court is seeking a review of the stakeholder engagement process. Gunpoint has initiated a follow up consultation with the local community to support the cancellation of the suspension. The vendor has agreed to an extension of the final payment of US\$20.0 to purchase El Escorpion until the exploration suspension is lifted.

8) Promissory note

As at 30 September 2021, the Company has an unsecured promissory note of \$700.0 (31 December 2020 – \$700.0) due to a company controlled by President of the Company, which is unsecured, and bears an interest rate of 5% per annum. The promissory note is due on demand. Interest accrued for the period ended 30 September 2021 was \$26.3 (2020 - \$26.3). As at 30 September 2021, the total accrued interest payable was \$334.0 (31 December 2020 - \$307.7) and included in the account payables and accrued liabilities.

PROMISSORY NOTE	Principal		Interest		Total
Balance – Beginning of Period	\$	700.0	\$	307.7	\$ 1,007.7
Addition		-		26.3	26.3
Balance – End of Period	\$	700.0	\$	334.0	\$ 1,034.0

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

9) Share capital

a) Authorized:

The Company's authorized share capital consists of an unlimited number of common shares without par value and 50,000,000 preferred shares without par value.

b) Issued or allotted and fully paid:

There are 43,501,600 common shares issued and outstanding as at 30 September 2021 (31 December 2020 - 43,501,600 common shares).

c) Summary of stock option activity

The Company has a share purchase option plan which provides for equity participation in the Company by its directors, officers, employees, consultants and consultant companies through the acquisition of common shares pursuant to the grant of options to purchase shares. The option plan is administered by the Board of Directors. Options may be granted on such terms as the Board may determine within the limitations of the option plan and subject to the rules and policies of applicable regulatory authorities. The maximum aggregate number of shares reserved for issuance for options granted under the option plan is 10% of the issued and outstanding common shares as at the date of grant. The options will be exercisable for 5 years from the grant date with vesting terms to be determined at the time by the Board of Directors.

During the nine months ended 30 September 2021, the Company cancelled 50,000 stock options that were issued to an employee of the Company.

Stock option activity during the nine months ended 30 September 2021 and 31 December 2020 is as follows:

	30 September 2021		31 December 2020	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Balance – Beginning of Period	1,500,000	\$ 0.25	1,500,000	\$ 0.25
Issued	-	-	-	-
Exercised	-	-	-	-
Expired/cancelled	50,000	0.25	-	-
Balance – End of Period	1,450,000	\$ 0.25	1,500,000	\$ 0.25

Details of stock options outstanding as at 30 September 2021 and 31 December 2020 are as follows:

Expiry Date	Exercise Price	30 September 2021		31 December 2020	
		Number of Options	Number of Options Vested	Number of Options	Number of Options Vested
2 May 2023	\$ 0.25	1,450,000	1,087,500	1,500,000	1,125,000
		1,450,000	1,087,500	1,500,000	1,125,000

As at 30 September 2021, the weighted average remaining contractual life of outstanding stock options is 1.59 years (31 December 2020 – 2.33 years) and a weighted average exercise price of \$0.25 (31 December 2020 – \$0.25).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

d) Share based compensation

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the period ended 30 September 2021, the Company recognized share-based compensation expense of \$15.3 (30 September 2020 - \$31.3) for stock options issued to officers and directors of the Company.

10) Related party transactions and obligations

For the nine months ended 30 September 2021, an amount of \$11.3 (30 September 2020 - \$12.7) was paid to the former Chief Financial Officer of the Company and fees of \$3.1 (30 September 2020 - \$nil) was owing to the current Chief Financial Officer of the Company.

As at 30 September 2021, the Company has a promissory note (Note 8) in the principal amount of \$700.0 plus related accrued interest of \$334.0 outstanding, indebted to a company controlled by the President of the Company.

As of 30 September 2021, an amount of \$1,032.0 (31 December 2020 - \$1,032.0) was due to Chesapeake, the parent of the Company. The amounts due to Chesapeake are unsecured, non-interest bearing, and due on demand.

11) Segment disclosures

	Canada	Mexico	USA	Other	Total
30 September 2021					
Cash	\$ 17.7	\$ 4.2	\$ 28.2	\$ -	\$ 50.2
Accounts receivable and prepaid expense	21.8	-	-	-	21.8
	39.5	4.2	28.2	-	72.0
Investment in Mineral properties	-	-	5,779.9	-	5,779.9
Long term investment	414.7	-	540.0	-	954.7
Reclamation deposits	-	-	223.6	-	223.6
Total Assets	\$ 454.2	\$ 4.2	\$ 6,571.7	\$ -	\$ 7,030.2
Segmented income (loss) for the three months ended 30 September 2021	\$ (48.4)	\$ (22.9)	\$ (385.4)	\$ (33.1)	\$ (489.8)
Segmented income (loss) for the nine months ended 30 September 2021	\$ (373.3)	\$ 0.7	\$ (852.3)	\$ (31.4)	\$ (1,256.3)
30 September 2020					
Cash	\$ 394.1	\$ 3.4	\$ 34.0	\$ -	\$ 431.5
Accounts receivable and prepaid expense	6.3	-	-	-	6.3
	400.4	3.4	34.0	-	437.8
Investment in Mineral properties	-	-	5,441.4	-	5,441.4
Long term investment	628.4	-	960.0	-	1,588.4
Reclamation deposits	-	-	233.7	-	233.7
Total Assets	\$ 1,028.8	\$ 3.4	\$ 6,669.1	\$ -	\$ 7,701.3
Segmented income (loss) for the three months ended 30 September 2020	\$ 66.7	\$ 2.2	\$ 728.1	\$ 8.4	\$ 805.4
Segmented income (loss) for the nine months ended 30 September 2020	\$ 610.3	\$ (42.9)	\$ 571.7	\$ (13.2)	\$ 1,125.9

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

12) Subsequent events

Subsequent to the nine months ended 30 September 2021, the Company entered into a facility lease agreement which expires on 30 September 2022.