



**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)**  
**Condensed Interim Financial Statements**  
**For the six months ended**  
**October 31, 2021**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM 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 financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Gelum Resources Ltd. (formerly Gelum Capital Ltd.) (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

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

December 20, 2021

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Condensed Interim Statements of Financial Position****Unaudited – Prepared by Management**

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**As at October 31, 2021 and April 30, 2021**

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	Note	October 31, 2021 \$	April 30, 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		567,515	4,799
Receivables	3	34,247	10,463
		<b>601,762</b>	<b>15,262</b>
<b>Non-current assets</b>			
Prepaid exploration expenditures	4	7,093	4,000
Exploration and evaluation assets	4	814,757	70,000
		<b>821,850</b>	<b>74,000</b>
<b>Total assets</b>		<b>1,423,612</b>	<b>89,262</b>
<b>Liabilities and shareholders' equity (deficit)</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		242,318	73,839
Accounts payable to related parties	8	62,370	32,738
Loan payable	10	44,026	32,076
		<b>348,714</b>	<b>138,653</b>
<b>Non-current liabilities</b>			
Convertible note	5,8	-	263,651
<b>Total liabilities</b>		<b>348,714</b>	<b>402,304</b>
<b>Shareholders' equity (deficit)</b>			
Share capital	6	9,406,261	7,800,194
Shares to be issued	6,8	29,200	34,200
Reserves	6	5,697,170	5,607,766
Equity portion of convertible note	5	-	75,459
Deficit		(14,057,733)	(13,830,661)
<b>Total shareholders' equity (deficit)</b>		<b>1,074,898</b>	<b>(313,042)</b>
<b>Total liabilities and shareholders' equity (deficit)</b>		<b>1,423,612</b>	<b>89,262</b>
<b>Nature of operations and going concern</b>	1		
<b>Events after the reporting period</b>	12		

Approved on behalf of the Board of Directors on December 20, 2021:

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*"Robert Koppie"*

Director

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*"Hendrik Van Alphen"*

Director

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2021 and October 31, 2020**

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	Number of shares #	Share capital \$	Shares to be issued \$	Reserves \$	Equity portion of convertible note \$	Deficit \$	Total shareholders' equity (deficit) \$
May 1, 2020	4,727,433	7,245,232	29,200	5,588,580	75,459	(13,665,033)	(726,562)
Loss and comprehensive loss for the period	-	-	-	-	-	(52,219)	(52,219)
October 31, 2020	4,727,433	7,245,232	29,200	5,588,580	75,459	(13,717,252)	(778,781)
May 1, 2021	10,277,054	7,800,194	34,200	5,607,766	75,459	(13,830,661)	(313,042)
Common share units - convertible note	5,380,274	269,014	-	80,507	(75,459)	-	274,062
Private placement units issued	9,550,000	955,000	(5,000)	-	-	-	950,000
Share issuance costs - cash	-	(29,050)	-	-	-	-	(29,050)
Share issuance costs - finders' warrants	-	(8,897)	-	8,897	-	-	-
Common shares issued - exploration & evaluation assets	4,200,000	420,000	-	-	-	-	420,000
Loss and comprehensive loss for the period	-	-	-	-	-	(227,072)	(227,072)
October 31, 2021	29,407,328	9,406,261	29,200	5,697,170	-	(14,057,733)	1,074,898

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

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Condensed Interim Statements of Loss and Comprehensive Loss****Unaudited – Prepared by Management**

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**For the three and six months ended October 31, 2021 and October 31, 2020**

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		Three months ended		Six months ended	
		October 31,	October 31,	October 31,	October 31,
		2021	2020	2021	2020
	Note	\$	\$	\$	\$
<b>Expenses</b>					
Accretion expense	5,10	4,836	5,248	16,028	10,496
Consulting expense	8	39,420	-	69,420	-
General and administrative expenses	8	20,096	24,200	32,204	31,696
Office expenses	8	1,629	-	5,685	-
Property investigation	8	-	-	6,344	-
Professional fees	8	19,817	-	57,835	-
Transfer agent and filing fees		23,543	-	33,222	-
<b>Loss from operating expenses</b>		<b>(109,341)</b>	<b>(29,448)</b>	<b>(220,738)</b>	<b>(42,192)</b>
Interest expense	5	(1,008)	(4,986)	(6,334)	(10,027)
<b>Loss and comprehensive loss for the period</b>		<b>(110,349)</b>	<b>(34,434)</b>	<b>(227,072)</b>	<b>(52,219)</b>
<b>Loss per share</b>					
<b>Weighted average number of common shares outstanding</b>					
- Basic #	7	<b>26,255,698</b>	4,727,433	<b>21,156,294</b>	4,727,433
- Diluted #	7	<b>26,255,698</b>	4,727,433	<b>21,156,294</b>	4,727,433
<b>Basic loss per share \$</b>	7	<b>(0.00)</b>	(0.01)	<b>(0.01)</b>	(0.01)
<b>Diluted loss per share \$</b>	7	<b>(0.00)</b>	(0.01)	<b>(0.01)</b>	(0.01)

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Condensed Interim Statements of Cash Flows****Unaudited – Prepared by Management****For the six months ended October 31, 2021 and October 31, 2020**

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	Note	October 31, 2021 \$	October 31, 2020 \$
<b>Operating activities</b>			
Loss for the period		(227,072)	(52,219)
Adjustments for:			
Accretion expense		16,028	10,496
Accrued interest on loan payable		2,279	-
Accrued interest on convertible note		4,055	10,027
Net change in non-cash working capital items	9	6,469	(5,641)
		<b>(198,241)</b>	<b>(37,337)</b>
<b>Financing activities</b>			
Private placement proceeds, net share issuance costs		920,950	-
Advances from related parties		-	49,684
		<b>920,950</b>	<b>49,684</b>
<b>Investing activities</b>			
Exploration and evaluation assets - acquisition		(50,000)	-
Exploration and evaluation assets - expenses		(109,993)	-
		<b>(159,993)</b>	<b>-</b>
<b>Increase in cash</b>		<b>562,716</b>	<b>12,347</b>
<b>Cash, beginning of period</b>		<b>4,799</b>	<b>9,288</b>
<b>Cash, end of period</b>		<b>567,515</b>	<b>21,635</b>

**Supplemental cash flow information**

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## **Gelum Resources Ltd. (formerly Gelum Capital Ltd.)**

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

#### **Unaudited – Prepared by Management**

**For the six months ended October 31, 2021 and October 31, 2020**

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#### **1. Nature of operations and going concern**

Gelum Resources Ltd. (formerly Gelum Capital Ltd.) (the “Company”) was incorporated under the laws of the province of British Columbia on June 8, 1987. The principal address and registered and records office is located at Suite, 400 – 725 Granville Street, Vancouver, BC, V7Y 1G5. The Company trades under the symbol “GMR” on the Canadian Securities Exchange (“CSE”). Effective September 24, 2021, the Company changed its name to Gelum Resources Ltd.

The Company’s principal business activity is the acquisition, exploration and evaluation of mineral properties. The Company will be exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company’s continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

The Company’s condensed interim financial statements (the “financial statements”) as at and for the six months ended October 31, 2021 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company has a net and comprehensive loss of \$227,072 for the six months ended October 31, 2021 and has a working capital surplus of \$253,048 at October 31, 2021.

As at October 31, 2021, the Company had cash of \$567,515 to settle liabilities of \$348,714. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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

#### **2. Significant accounting policies**

##### **(a) Basis of presentation**

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s annual audited financial statements for the year ended April 30, 2021, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss (“FVTPL”). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company.

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****For the six months ended October 31, 2021 and October 31, 2020**

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**2. Significant accounting policies (continued)****(b) Significant accounting policies**

The accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited consolidated financial statements and are those the Company expects to adopt in its financial statements for the year ended April 30, 2021. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited consolidated financial statements.

**3. Receivables**

Receivable consist of the following:

	<b>October 31, 2021</b>	April 30, 2021
	<b>\$</b>	\$
Sales tax recoverable	34,247	10,463
	<b>34,247</b>	<b>10,463</b>

**4. Exploration and evaluation assets**

Exploration and evaluation assets consist of the following:

	April 30, 2021	Acquisition and assessments	Exploration and evaluation	October 31, 2021
	\$	\$	\$	\$
Eldorado	70,000	70,000	274,757	414,757
Eldorado - Roxey Claims	-	400,000	-	400,000
	<b>70,000</b>	<b>470,000</b>	<b>274,757</b>	<b>814,757</b>

	April 30, 2021	Eldorado Property	October 31, 2021
	\$	\$	\$
Assay	-	12,591	12,591
Geological & consulting	-	57,156	57,156
Geophysical	-	174,976	174,976
Supplies	-	365	365
Travel	-	29,669	29,669
	-	<b>274,757</b>	<b>274,757</b>

**Eldorado project**

The Eldorado Gold Property (the "Property") is located within the Bralorne-Bridge River Gold District in south-central British Columbia. On March 24, 2021 (the "Effective Date") the Company entered into an option agreement to acquire 50% ownership interest in and to the Property and form a joint venture with the optionor in respect of the Property, with the ability of the Company to acquire an additional 30% interest in the Property.



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## Gelum Resources Ltd. (formerly Gelum Capital Ltd.)

### Notes to the Condensed Interim Financial Statements

#### Unaudited – Prepared by Management

For the six months ended October 31, 2021 and October 31, 2020

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#### 4. Exploration and evaluation assets (continued)

##### Eldorado project (continued)

The Company can earn the 50% options by making the following cash payments and share issuances:

- a) \$50,000 and 200,000 common shares within five days of the Effective Date (completed);
- b) \$50,000 and 200,000 common shares within six months of the Effective Date (paid and common shares issued at a fair value of \$20,000 (note 6));
- c) \$75,000 and 400,000 common shares on the first anniversary of the Effective Date;
- d) \$125,000 and 800,000 common shares on the second anniversary of the Effective Date; and
- e) \$300,000 and 1,200,000 common shares on the third anniversary of the Effective Date.

The Company is required to perform exploration activities on the Property and shall incur the following minimum qualified expenditures per year:

- a) \$500,000 minimum qualified expenditures by the first anniversary of the Effective Date;
- b) \$750,000 minimum qualified expenditures by the second anniversary of the Effective Date; and
- c) \$1,000,000 minimum qualified expenditures by the third anniversary of the Effective Date.

The option to earn an additional 30% will require the following cash payments, share issuances and minimum qualified expenditures as follows:

- a) \$400,000 cash payment, 1,400,000 shares and further \$1,000,000 in qualified expenditures by the fourth anniversary of the Effective Date; and
- b) \$400,000 cash payment, 1,000,000 shares and further \$1,000,000 in qualified expenditures by the fifth anniversary of the Effective Date.

Upon the optionor reducing its interest in the Property to below 15%, the optionor will be converted to a 4.0% net smelter returns royalty ("NSR"). The Company will retain the right to buy back up to 3.0% NSR by payment of \$1,000,000 per each 1.0%.

During the six months ended October 31, 2021, the Company entered into a purchase agreement to acquire the Roxey claims. The claims are contiguous to the Eldorado Gold Property within the Bralorne-Bridge River Gold District in south-central British Columbia. In order to acquire a 100% right, title and interest in and to the mineral claims, the Company issued 4,000,000 common shares (issued at a fair value of \$400,000) (note 6).

#### 5. Convertible note

On October 14, 2017, the Company issued a convertible note with a principal face value of \$200,000 to two Directors of the Company. The convertible note bears interest at the rate of 10% per annum, payable annually and has a maturity date of five years from the date of issuance. When the Company consolidated its share capital on a 20:1 basis effective July 30, 2018 the conversion price of the notes became \$1.00 and the exercise price of any warrants issuable on conversion of the notes became \$1.20.

On August 31, 2019, the Company amended the terms of the convertible note such that the principal amount of the notes was convertible into units of the Company at \$0.05 per unit, with each unit comprised of one common share and one share purchase warrant exercisable into a further share at \$0.06 per common share (for one year from the date of issuance of the warrant, subject to the latest exercise date being the maturity date).

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****For the six months ended October 31, 2021 and October 31, 2020**

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**5. Convertible note (continued)**

The Company's convertible note is broken down as follows:

	<b>October 31, 2021</b>	April 30, 2021
	\$	\$
Proceeds received, net of transaction costs	<b>195,045</b>	195,045
Allocated to equity portion	<b>(75,459)</b>	(75,459)
Allocated to liability portion	<b>119,586</b>	119,586
Liability portion, beginning	<b>263,261</b>	215,852
Accretion expense for the period/year	<b>6,357</b>	27,077
Accrued interest for the period/year	<b>4,055</b>	20,992
Liability portion, ending	<b>273,673</b>	263,261
Conversion	<b>(273,673)</b>	-
Ending balance period/year	<b>-</b>	263,261

On July 13, 2021, the Company issued 5,380,274 units on conversion of \$200,000 principal and \$69,014 of accrued interest of the convertible note. Each unit consists of one common share of the Company and one share purchase warrant exercisable at \$0.06 for one year from the date of conversion.

**6. Share capital**

The authorized share capital of the Company consists of unlimited common shares without par value and unlimited preferred shares without par value. All issued shares are fully paid.

**Transactions for the issue of share capital during the six months ended October 31, 2021:**

- a) On September 20, 2021, the Company issued 200,000 common shares at a fair value of \$20,000 (\$0.10 per share) pursuant to the option agreement on the Eldorado project (note 4).
- b) On August 31, 2021, the Company completed a non-brokered private placement offering of 1,100,000 units at a price of \$0.10 per unit raising aggregate gross proceeds of \$110,000. Each unit consists of one Common Share and two separate one-half (1/2) of one common share purchase warrants (a "1/2 Warrant A" and a "1/2 Warrant B" and, respectively, each whole warrant, a "Warrant A" and a "Warrant B", and collectively the "Warrants"). Each whole Warrant A entitles the holder to purchase one Common Share at an exercise price of \$0.25 per share for a period of 24 months from issuance, and each whole Warrant B entitles the holder to purchase one Common Share at an exercise price of \$0.50 per share for a period of 24 months from issuance.

The Company paid finders' fees of \$7,350 and issued 76,650 finder's warrants with each such warrant entitling the holder thereof to purchase one Common Share at an exercise price of \$0.25 per share for a period of 24 months. The fair value of the finders' warrants was determined to be \$2,251 using the Black-Scholes option pricing model with the following inputs: i) exercise price: \$0.25; ii) share price: \$0.10; iii) term: 2 years; iv) volatility: 100%; v) discount rate: 0.43%.

- c) On August 12, 2021, the Company issued 4,000,000 common shares at a fair value of \$400,000 (\$0.10 per share) pursuant to the option agreement on the Eldorado project – Roxey claims (note 4).
- d) On July 22, 2021, the Company closed a non-brokered private placement of 8,450,000 units at \$0.10 per unit (the "Offering") for gross proceeds of \$845,000. Each unit consisted of one common share in the capital of the Company and two separate one-half (1/2) of one common share purchase warrants (a "1/2 Warrant A" and a "1/2 Warrant B") and, respectively, each whole warrant, a "Warrant A" and a "Warrant B", and collectively the "Warrants".

Each whole Warrant A entitles the holder to purchase one common share in the capital of the Company at an exercise price of \$0.25 per share for a period of 24 months from issuance and, each whole Warrant B entitles the holder to purchase one common share in the capital of the Company at an exercise price of \$0.50 per share for a period of 24 months from issuance. No value was attributed to the warrant component of the units issued.

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****For the six months ended October 31, 2021 and October 31, 2020**

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**6. Share capital(continued)**

The Offering closed in three separate tranches, issuing 3,350,000 units on June 28, 2021, 5,000,000 units on July 6, 2021 and 100,000 units on July 14, 2021. The Company paid finders' fees of \$21,700 and issued 217,000 finders' warrants exercisable at a price of \$0.25 until June 28, 2021. The fair value of the finders' warrants was determined to be \$6,646 using the Black-Scholes option pricing model with the following inputs: i) exercise price: \$0.25; ii) share price: \$0.10; iii) term: 2 years; iv) volatility: 100%; v) discount rate: 0.44%.

- e) On July 13, 2021, the Company completed the conversion of convertible notes (note 5) by issuing 5,380,274 units. Each unit consists of one common share of the Company and one share purchase warrant exercisable at \$0.06 for one year from the date of conversion. No value was attributed to the warrant component of the units issued. No gain or loss was recognized on conversion.

**Transactions for the issue of share capital during the six months October 31, 2020:**

There were no transactions for the issue of share capital during the six months ended October 31, 2020.

**Stock options**

On December 19, 2016, the Company adopted a formal Stock Option Plan (the "Option Plan"). Under the Option Plan, the exercise price of each option must not be less than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant and (b) the date of the grant of the stock options. The options can be granted for a maximum term of five years. The maximum number of options that can be issued may not exceed 10% of the issued and outstanding common share capital. The options vest at the discretion of the Board of Directors. The terms of the existing stock options remain in accordance with the stock option plan in place at the time the options were granted.

A summary of the status of the Company's stock options as at October 31, 2021 and April 30, 2021, and changes during the period/year then ended is as follows:

	Period ended October 31, 2021		Year ended April 30, 2021	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	250,000	1.00	250,000	1.00
Cancelled	(100,000)	1.00	-	-
<b>Options outstanding, end of period/year</b>	<b>150,000</b>	<b>1.00</b>	250,000	1.00

As at October 31, 2021, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
150,000	150,000	1.00	June 9, 2022
<b>150,000</b>	<b>150,000</b>		

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****For the six months ended October 31, 2021 and October 31, 2020**

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**6. Share capital (continued)****Stock options (continued)**

The following table summarizes information about the stock options outstanding as at October 31, 2021:

Number of Options Outstanding #	Weighted average remaining life (years)	Weighted average exercise price \$
150,000	0.86	1.00

No stock options were granted during the six months ended October 31, 2021 or October 31, 2020.

**Warrants**

A summary of the status of the Company's warrants as at October 31, 2021 and April 30, 2021, and changes during the year/period then ended is as follows:

	Period ended October 31, 2021		Year ended April 30, 2021	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	-	-	-	-
Issued	15,720,780	0.26	-	-
<b>Warrants outstanding, end of period/year</b>	<b>15,720,780</b>	<b>0.26</b>	-	-

As at October 31, 2021, the Company has warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date
500,000	500,000	0.10	April 6, 2022
5,380,274	5,380,274	0.06	July 13, 2022
1,675,000	1,675,000	0.25	June 25, 2023
1,675,000	1,675,000	0.50	June 25, 2023
2,500,003	2,500,003	0.25	July 6, 2023
2,500,003	2,500,003	0.50	July 6, 2023
50,000	50,000	0.25	July 14, 2023
50,000	50,000	0.50	July 14, 2023
217,000	217,000	0.25	June 25, 2023
550,000	550,000	0.25	August 31, 2023
550,000	550,000	0.50	August 31, 2023
73,500	73,500	0.25	August 31, 2023
<b>15,720,780</b>	<b>15,720,780</b>		

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****For the six months ended October 31, 2021 and October 31, 2020**

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**6. Share capital (continued)****Warrants (continued)**

The following table summarizes information about the warrants outstanding as at October 31, 2021:

Number of Warrants Outstanding #	Weighted average remaining life (years)	Weighted average exercise price \$
15,720,780	1.31	0.26

**7. Loss per share**

The calculation of basic and diluted loss per share for the six months ended October 31, 2021 was based on the loss attributable to common shareholders of \$227,072 (2020 - \$52,219) and a weighted average number of common shares outstanding of 21,156,294 (2020 – 4,727,433).

All options and warrants were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

**8. Related party payables and transactions**

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the six months ended October 31, 2021 and October 31, 2020.

No stock options were granted to related parties during the six months ended October 31, 2021 or October 31, 2020.

The Company transacted with the following related parties:

- (a) Stephen Brohman is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA") a firm in which he has significant influence. DBM CPA provide the Company with accounting services.
- (b) Shares to be issued include incentive bonus payable to compensate the former Chief Executive officer payable in 36,500 common shares at a price of \$0.80 per share. The issue has been pending since 2016.
- (c) On October 14, 2017, convertible notes were issued to two directors, Hendrik Van Alphen and Robert Kopple (Note 5).
- (d) Marla Ritchie is the Company's Corporate secretary and Hendrik Van Alphen is the Company's Director. They share control of Marval Office Management Ltd., ("Marval") in which they have significant influence. Marval provides office administration services to the Company on a shared cost basis.
- (e) David Smith is the Company's President and Interim Chief Executive Officer ("CEO"). He is the spouse to the owner of Lucas Investments Ltd. ("Lucas").

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

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**Gelum Resources Ltd. (formerly Gelum Capital Ltd.)****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management****For the six months ended October 31, 2021 and October 31, 2020**

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**8. Related party payables and transactions (continued)**

	<b>Transactions 6 months ended October 31, 2021 \$</b>	<b>Transactions 6 months ended October 31, 2020 \$</b>	<b>Balances outstanding October 31, 2021 \$</b>	<b>Balances outstanding April 30, 2021 \$</b>
DBM CPA	10,000	4,000	32,797	26,700
Marval	46,031	-	15,873	-
Lucas	40,000	-	11,094	-
Robert Kopple	-	24,284	-	-
Hendrik Van Alphen	-	25,000	2,406	6,038
Marla Ritchie	15,000	-	200	-
	<b>111,031</b>	<b>53,284</b>	<b>62,370</b>	<b>32,738</b>

All related party balances are unsecured and are due upon demand without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

**(a) Professional fees**

- Includes the accounting services of Company's CFO, Stephen Brohman, charged to the Company by DBM; and
- Includes the corporate secretary services of Marla Ritchie.

**(b) General and administrative expenses, office expenses and property investigation**

- Includes the administrative services charged to the Company by Marval.

**(c) Consulting expense**

- Includes the CEO services charged to the Company by Lucas.

**9. Supplemental cash flow information**

Changes in non-cash operating working capital during the six months ended October 31, 2021 and October 31, 2020 were comprised of the following:

	<b>October 31, 2021 \$</b>	<b>October 31, 2020 \$</b>
Receivables	(23,784)	(248)
Accounts payable and accrued liabilities	(32,117)	(1,291)
Accounts payable to related parties	62,370	2,000
Net change	<b>6,469</b>	<b>461</b>

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**9. Supplemental cash flow information (continued)**

The Company incurred non-cash financing and investing activities during the six months ended October 31, 2021 and April 30, 2021 as follows:

	October 31, 2021 \$	October 31, 2020 \$
Non-cash financing activities:		
Convertible notes - conversion (reserves)	80,507	-
Convertible notes - conversion (share capital)	(269,014)	-
Share issuance costs - finders' warrants	8,897	-
	<b>(179,610)</b>	-
Non-cash investing activities:		
Common shares issued for acquisition of exploration and evaluation	(420,000)	-
	<b>(420,000)</b>	-

During the six months ended October 31, 2021 and October 31, 2020 no amounts were paid on account of interest or income taxes.

**10. Loan Payable**

On April 6, 2021 ("Effective Date"), the Company entered into an unsecured Promissory Note (the "Loan") with an arm's length party, whereby the Company received an amount of \$50,000. The Loan bears interest at 8% annually and is due on April 6, 2022 (the "Maturity Date"). As further consideration for providing the loan, the Company issued 500,000 common share purchase warrants (the "Bonus Warrants") on April 6, 2021. Each Bonus Warrant is exercisable into one common share at a price equal to \$0.10 per share for a period of 12 months from the Effective Date. The fair value of the Bonus Warrants was determined to be \$19,186 using the Black-Scholes option pricing model with the following inputs: i) exercise price: \$0.10; ii) share price: \$0.10; iii) term: 1 year; iv) volatility: 100%; v) discount rate: 0.26%. The fair value of the Bonus Warrants will be treated as a transaction costs and accreted to the loan over up to the Maturity Date.

As at October 31, 2021, the Company recorded \$9,671 (2020 - \$nil) of accretion expense and \$2,279 (2020 - \$nil) of interest expense in connection with the Loan and Bonus Warrants transaction costs.

**11. Financial risk management****Capital management**

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at October 31, 2021 is comprised of shareholders' equity (deficit) of \$1,074,898 (April 30, 2021 – (\$313,042)).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to borrow or raise additional financing from equity markets.

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**11. Financial risk management (continued)****Financial instruments - fair value**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, accounts payable to related parties and loan payable.

The carrying value of accounts payable and accrued liabilities and accounts payable to related parties approximates their fair value because of the short-term nature of these instruments.

The loan payable is presented on an amortized cost basis and will be accreted to its face value at their effective interest rates, over the term to maturity.

Financial instruments measured at fair value on the condensed interim statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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 asset or liability that are not based on observable market data (unobservable inputs).

**Financial instruments – risk**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity risk.

**a) Credit risk**

The Company is exposed to credit risk by holding cash and receivables. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal accounts receivable exposure, and its refundable tax credits are due from the Canadian government.

**b) Interest rate risk**

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash. For the six months ended October 31, 2021 every 1% fluctuation in interest rates up or down would have an insignificant impact on profit or loss.

**c) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.



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**12. Events after the reporting period**

- a) On November 12, 2021, the Company granted 2,500,000 incentive stock options to certain directors, officers and employees. These options vest immediately and are exercisable on or before November 12, 2023 at a price of \$0.15.
- b) On December 6, 2021, the Company announced it has arranged a flow-through non-brokered private placement and a non-flow-through non-brokered private placement. The Company will issue up to 2,857,143 flow-through shares at a price of \$0.35 per share (the "FT Shares") and, up to 4,000,000 non-flow through units ("NFT Units") at a price of \$0.25 per NFT Unit (collectively, the "Private Placement") for aggregate proceeds of up to \$2,000,000.

Each NFT Unit consists of one common share of the Company and one-half of one common share purchase warrant, each whole warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.45 per share for a period of 18 months from the closing of the Offering. The expiry of the warrants may be accelerated if the closing price of the Corporation's common shares on the Canadian Securities Exchange is equal to or greater than \$0.60 for a minimum of twenty consecutive trading days and a notice of acceleration is provided in accordance with the terms of the warrants.