



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Expressed in Canadian Dollars

Unaudited



NOTICE OF NO AUDITOR REVIEW OF 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 Company's interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

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

"Bahman Yamini"

"Kerry Spong"

President and Chief Executive Officer

Vice President, Finance & CFO

November 25, 2021

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CANASIL RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

Expressed in Canadian Dollars
Unaudited

ASSETS	September 30, 2021	December 31, 2020
Current		
Cash and cash equivalents	\$ 136,721	\$ 926,340
Receivables	138,906	93,519
Prepaid expenses	30,274	24,502
	<u>305,901</u>	<u>1,044,361</u>
Reclamation bonds	47,000	47,000
Right-of-use asset – office <i>(Note 7)</i>	-	29,889
Property and equipment	67,010	75,065
	<u>\$ 419,911</u>	<u>\$ 1,196,315</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 68,352	\$ 96,413
Current portion of lease liability <i>(Note 7)</i>	-	34,254
	<u>68,352</u>	<u>130,667</u>
SHAREHOLDERS' EQUITY		
Share capital <i>(Note 4)</i>	24,577,339	23,797,739
Contributed surplus	6,911,182	6,774,331
Accumulated other comprehensive income	624,830	624,830
Deficit	(31,761,792)	(30,131,252)
	<u>351,559</u>	<u>1,065,648</u>
	<u>\$ 419,911</u>	<u>\$ 1,196,315</u>

Nature and continuance of operations *(Note 1)*
Subsequent events *(Note 9)*

ON BEHALF OF THE BOARD:

"Alvin Jackson", Director

"Michael McInnis", Director

- the accompanying notes are an integral part of these financial statements -

CANASIL RESOURCES INC.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES
IN SHAREHOLDERS' EQUITY**

Expressed in Canadian Dollars

Unaudited

	Number of Shares	Share Capital (Note 4)	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance – December 31, 2019	104,206,622	\$ 21,837,835	\$ 6,484,218	\$ 624,830	\$ (28,073,302)	\$ 873,581
Private placement - units	5,087,500	407,000	-	-	-	407,000
Private placement - units	7,827,500	1,565,500	-	-	-	1,565,500
Share issuance costs	-	(43,650)	-	-	-	(43,650)
Share-based compensation (Note 5)	-	-	93,731	-	-	93,731
Comprehensive loss for the period	-	-	-	-	(1,370,193)	(1,370,193)
Balance – September 30, 2020	117,121,622	23,766,685	6,577,949	624,830	(29,443,495)	1,525,969
Exercise of stock options	350,000	21,000	-	-	-	21,000
Fair value of stock options exercised	-	10,054	(10,054)	-	-	-
Share-based compensation	-	-	206,436	-	-	206,436
Comprehensive loss for the period	-	-	-	-	(687,757)	(687,757)
Balance – December 31, 2020	117,471,622	23,797,739	6,774,331	624,830	(30,131,252)	1,065,648
Private placement - units	7,900,000	790,000	-	-	-	790,000
Share issuance costs	-	(10,400)	-	-	-	(10,400)
Share-based compensation (Note 5)	-	-	136,851	-	-	136,851
Comprehensive loss for the period	-	-	-	-	(1,630,540)	(1,630,540)
Balance – September 30, 2021	125,371,622	\$ 24,577,339	\$ 6,911,182	\$ 624,830	\$ (31,761,792)	\$ 351,559

- the accompanying notes are an integral part of these financial statements -

CANASIL RESOURCES INC.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30**

Expressed in Canadian Dollars

Unaudited

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses				
Accounting and audit	\$ 9,041	\$ 9,254	\$ 28,535	\$ 26,192
Depreciation – equipment	3,386	942	10,098	1,808
Depreciation – right-of-use asset – office (Note 7)	9,963	9,964	29,889	29,890
Director fees	9,000	9,000	27,000	27,000
Exploration and evaluation (Note 3)	311,377	474,805	1,029,348	782,729
Foreign exchange loss	2,459	8,588	17,666	24,538
Interest – lease liability (Note 7)	121	1,463	1,383	5,242
Interest income	(484)	(1,166)	(1,665)	(6,248)
Investor relations and promotions	9,975	35,507	49,166	61,048
Legal fees	13,738	12,060	27,311	16,576
Listing and filing fees	-	180	8,951	8,459
Management fees	15,000	15,000	45,000	72,500
Office rent, services and supplies	9,024	10,543	23,193	27,558
Salaries, wages and consulting	56,250	56,942	173,162	175,135
Share-based compensation (Note 5)	1,683	-	136,851	93,731
Shareholder communications	6,613	7,989	24,569	17,365
Transfer agent fees	4,040	2,509	7,066	5,857
Travel and accommodation	-	-	-	813
Loss for the period before other item	461,186	653,580	1,637,523	1,370,193
Gain on sale of equipment	-	-	(6,983)	-
Comprehensive loss for the period	\$ 461,186	\$ 653,580	\$ 1,630,540	\$ 1,370,193
Loss per share – basic and diluted	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01
Weighted-average shares outstanding – basic and diluted	125,371,622	114,569,176	119,435,710	109,858,648

- the accompanying notes are an integral part of these financial statements -

CANASIL RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30

Expressed in Canadian Dollars

Unaudited

CASH RESOURCES PROVIDED BY (USED IN)	2021	2020
Operating activities		
Loss for the period	\$ (1,630,540)	\$ (1,370,193)
Items not involving cash		
Depreciation - equipment	10,098	1,808
Depreciation - right-of-use asset - office	29,889	29,890
Share-based compensation	136,851	93,731
Gain on sale of equipment	(6,983)	-
Changes in non-cash working capital		
Receivables	(45,387)	(17,998)
Prepaid expenses	(5,772)	(4,031)
Accounts payable and accrued liabilities	(28,061)	50,040
	<u>(1,539,905)</u>	<u>(1,216,753)</u>
Investing activities		
Proceeds on sale of equipment	6,983	-
Purchase of equipment	(2,043)	(4,531)
	<u>4,940</u>	<u>(4,531)</u>
Financing activities		
Share capital issued for cash	790,000	1,972,500
Share issuance costs	(10,400)	(43,650)
Principal payments – lease liability	(34,254)	(29,330)
	<u>745,346</u>	<u>1,899,520</u>
Change in cash for the period	(789,619)	678,236
Cash position - beginning of period	926,340	818,015
Cash position - end of period	<u>\$ 136,721</u>	<u>\$ 1,496,251</u>
Supplemental cash flow information		
Interest paid – lease liability	\$ 1,732	\$ 5,556

- the accompanying notes are an integral part of these financial statements -

CANASIL RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Expressed in Canadian Dollars

Unaudited

1. NATURE AND CONTINUANCE OF OPERATIONS

Canasil Resources Inc. (“Canasil” or the “Company”) is a mineral exploration company incorporated in British Columbia with its head office located at 1760 – 750 West Pender Street, Vancouver, British Columbia. The Company is considered to be in the exploration stage with respect to its interests in mineral properties, which are located in Canada and Mexico. Based on the information available to date, the Company has not yet determined whether these properties contain ore reserves. The Company’s continuing operation is dependent upon the confirmation of reserves, the ability of the Company to obtain the financing necessary to maintain operations and successfully complete its exploration and development, and the attainment of future profitable production.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at September 30, 2021 the Company had working capital of \$237,549, which it considers to be insufficient to fund its overhead and currently planned exploration activities for the ensuing twelve months (*Note 9*). Consistent with other junior exploration companies, the Company has no source of operating revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and maintain its mineral interests. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern. The Company has incurred operating losses since inception and as at September 30, 2021 had an accumulated deficit of \$31,761,792.

These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue. The continuing operations of the Company are currently dependent upon its ability to continue to raise adequate financing. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future. Additionally, the outbreak of the COVID-19 global pandemic adversely affected workforces, economies, and financial markets globally, 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 AND BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these financial statements.

These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements including the notes thereto for the year ended December 31, 2020. All financial information presented herein is unaudited. The Company’s board of directors approved these financial statements for issue on November 25, 2021.

CANASIL RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

Expressed in Canadian Dollars

Unaudited

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION - *continued*

Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except for those items classified as fair value through profit and loss or fair value through other comprehensive income, using the accrual basis of accounting, except for cash flow information.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its significant wholly-owned subsidiaries, CRD Minerals Corp., Minera Canasil S.A. de C.V., and Minera CRD S.A. de C.V. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

Foreign currency translation

The presentation currency of the Company and the functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in profit or loss for the period.

3. EXPLORATION AND EVALUATION

The Company expenses costs relating to the exploration and evaluation of its mineral properties in the period incurred. A description of the Company's mineral interests follows:

La Esperanza project, Mexico

During 2006, the Company entered into an option agreement to earn a 100% interest in certain claims within the La Esperanza project area, subject to a net smelter returns royalty ("NSR") of up to 1%. The claims are located in Zacatecas State, Mexico. The Company acquired a 100% interest in these claims in May 2011 and purchased the NSR in 2016. From 2006 to 2010, the Company also added further claims, by direct staking, to increase the size of the project area.

Salamandra project, Mexico

The Salamandra project, located in Durango State, Mexico, was acquired through staking as well as the purchase of a 100% interest in certain claims comprising the central area of the project, which are subject to a 0.5% NSR that can be purchased from the owner for US\$500,000.

Nora project, Mexico

The Company holds a 100% interest in the Nora project, located in Durango State, Mexico, which was acquired through staking.

CANASIL RESOURCES INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021**

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3. EXPLORATION AND EVALUATION - continued**Sandra-Escobar project, Mexico**

Between 2004 and 2006, the Company acquired, by staking, the Sandra claims located in Durango State, Mexico and in 2012 earned a 40% interest in the contiguous Escobar claims held by Pan American Silver Corp. ("Pan American"). In addition to these claims, the Company also acquired various other claims in the area from third parties, all of which formed the Sandra-Escobar project.

In January 2017, Orex Minerals Inc. earned a 55% interest in the project and in June 2019, the Company sold its interest in the project to Pan American for \$2,000,000 plus a 2% net smelter returns royalty interest ("NSR Royalty Interest") payable on Pan American's share of the project; the NSR Royalty Interest can be reduced to 1% upon payment of \$4,000,000 to the Company.

Other projects**Mexico**

The Company has staked other claims located in Durango State, Mexico, which include the Colibri, Carina, and Vizcaino projects. The Company holds a 100% interest in these projects.

Canada

The Company has staked and holds claims in British Columbia, Canada, which include the Brenda, Lil, Vega, and Granite projects. The Company holds a 100% interest in these projects.

Expenditures

Expenditures for the periods ending September 30, by activity, are as follows:

	2021	2020
Administration and indirect	\$ 97,747	\$ 112,366
Assays	26,504	9,689
Consulting	-	4,054
Drilling	273,050	117,343
Environmental and permitting	6,231	-
Field costs	94,911	20,146
Geological	167,800	128,149
Land holding costs	318,073	385,688
Legal	-	4,436
Mapping and surveying	7,908	4,800
Road building	32,014	11,834
Transportation and rentals	4,362	13,553
Travel and accommodation	748	-
Expenditure recoveries	-	(29,329)
	<u>\$ 1,029,348</u>	<u>\$ 782,729</u>

CANASIL RESOURCES INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021**

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3. EXPLORATION AND EVALUATION - *continued***Expenditures** - *continued*

Expenditures for the periods ended September 30 and cumulative expenditures to September 30, 2021 are as follows:

	Expenditures 2021	Expenditures 2020	Cumulative 2021
Brenda, Canada	\$ 4,740	\$ 18,000	\$ 2,426,511
- Expenditure recoveries	-	(1,200)	(225,773)
Vega, Canada	15,057	717	398,059
- Expenditure recoveries	-	(28,129)	(75,190)
Other, Canada	2,032	400	144,856
- Expenditure recoveries	-	-	(22,776)
La Esperanza, Mexico	628,803	257,350	4,541,509
- Expenditure recoveries	-	-	(262,373)
- Option payments received	-	-	(300,000)
Salamandra, Mexico	42,578	70,701	6,419,457
- Expenditure recoveries	-	-	(223,652)
- Option payments received	-	-	(553,989)
Nora, Mexico	287,616	338,924	1,442,464
Sandra-Escobar, Mexico	-	-	2,020,973
- Expenditure recoveries	-	-	(177,486)
- Option payments received	-	-	(500,000)
Other, Mexico	48,522	125,966	3,243,179
- Expenditure recoveries	-	-	(131,346)
- Option payments received	-	-	(133,471)
	<u>\$ 1,029,348</u>	<u>\$ 782,729</u>	<u>\$ 18,030,952</u>

Mineral title

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

4. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

In March 2020, the Company completed a non-brokered private placement by issuing 5,087,500 units at a price of \$0.08 per unit for gross proceeds of \$407,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.12 per share for a period of two years. The warrants are subject to an acceleration clause should the closing price of the Company's shares exceed \$0.25 per share for a period of 20 consecutive trading days. The Company paid finders' fees of \$3,720 on a portion of the placement as well as legal and filing fees of \$5,974.

CANASIL RESOURCES INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021**

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4. SHARE CAPITAL - continued

In July 2020, the Company completed a non-brokered private placement by issuing 7,827,500 units at a price of \$0.20 per unit for gross proceeds of \$1,565,500. Each unit consisted of one common share and one-half of one two-year share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.25 per share in the first year or \$0.30 in the second year following closing of the offering. The warrants are subject to an acceleration clause should the closing price of the Company's shares exceed \$0.50 per share for a period of 20 consecutive trading days. The Company paid finders' fees of \$21,900 on a portion of the placement as well as legal and filing fees of \$12,056.

In December 2020, the Company issued 350,000 shares upon the exercise of stock options for proceeds of \$21,000. The fair value of the options at the time of grant was estimated at \$10,054 and this amount was transferred from contributed surplus to share capital upon exercise of the warrants.

In May 2021, the Company completed a non-brokered private placement by issuing 7,900,000 units at a price of \$0.10 per unit for gross proceeds of \$790,000. Each unit consisted of one common share of the Company and one-half of one two-year share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.15 during the first year or \$0.20 during the second year following the closing of the offering. The warrants are subject to an acceleration clause should the closing price of the Company's shares exceed \$0.25 per share for a period of 20 consecutive trading days. The Company paid finders' fees of \$5,700 on a portion of the placement as well as filing fees of \$4,700.

5. STOCK OPTIONS AND WARRANTS

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2019	2,309,250	\$ 0.25	7,240,000	\$ 0.10
Expired/amended	(2,309,250)	\$ 0.25	(4,600,000)	\$ 0.06
Amended	-	\$ -	4,600,000	\$ 0.11
Exercised	-	\$ -	(350,000)	\$ 0.06
Issued/granted	5,087,500	\$ 0.12	1,750,000	\$ 0.08
Issued/granted	<u>3,913,750</u>	\$ 0.25	<u>250,000</u>	\$ 0.11
Outstanding, December 31, 2020	9,001,250	\$ 0.18	8,890,000	\$ 0.13
Expired	-	\$ -	(400,000)	\$ 0.21
Issued	3,950,000	\$ 0.15	-	\$ -
Granted	-	\$ -	200,000	\$ 0.15
Granted	-	\$ -	<u>1,900,000</u>	\$ 0.15
Outstanding, September 30, 2021	<u>12,951,250</u>	\$ 0.18	<u>10,590,000</u>	\$ 0.13
Exercisable, September 30, 2021	<u>12,951,250</u>	\$ 0.18	<u>10,540,000</u>	\$ 0.13

CANASIL RESOURCES INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021**

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5. STOCK OPTIONS AND WARRANTS - continued

At September 30, 2021, the Company had outstanding stock options and warrants enabling holders to acquire common shares as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	1,155,000	\$ 0.20	January 20, 2022
	735,000	\$ 0.20	January 25, 2022
	1,750,000	\$ 0.08	May 22, 2025
	250,000	\$ 0.11	November 9, 2025
	4,600,000	\$ 0.11	December 21, 2025
	200,000	\$ 0.15	March 31, 2023
	1,900,000	\$ 0.15	May 17, 2026
	10,590,000		
	Number of Shares	Exercise Price	Expiry Date
Warrants	4,250,000	\$ 0.12	March 5, 2022 <i>(Note 9)</i>
	837,500	\$ 0.12	March 11, 2022
	3,913,750	\$ 0.30	July 31, 2022 <i>(i)</i>
	3,950,000	\$ 0.15	May 17, 2023 <i>(ii)</i>
		12,951,250	

(i) Exercise price increased from \$0.25 to \$0.30 per share on July 31, 2021.

(ii) Exercise price increases to \$0.20 per share on May 17, 2022.

At September 30, 2021, the weighted-average remaining life for the outstanding stock options was 3.45 years and 0.92 years for the outstanding warrants.

Share-based compensation

The following table presents information relating to incentive stock options granted to directors, officers, employees, and consultants of the Company during the periods ended September 30. Share-based compensation is recorded over the vesting period.

	2021		2020	
Total options granted	2,100,000		1,750,000	
Average exercise price	\$	0.15	\$	0.08
Estimated fair value of options granted	\$	137,480	\$	93,731
Estimated fair value per option	\$	0.07	\$	0.05

CANASIL RESOURCES INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021**

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5. STOCK OPTIONS AND WARRANTS - continued**Share-based compensation - continued**

The fair value of the share-based compensation to be recognized in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	2021	2020
Risk-free interest rate	0.88%	0.37%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	86%	97%
Expected forfeiture rate	0.00%	0.00%
Expected option life in years	4.71	5.00

The Company has recorded share-based compensation as follows:

	2021	2020
Number of options vested in period	2,050,000	1,750,000
Compensation recognized in period	\$ 136,851	\$ 93,731

6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations. Key management includes officers and non-executive directors. The compensation paid or payable to key management for the periods ended September 30 is as follows:

	2021	2020
Salaries	\$ 168,750	\$ 168,750
Management fees	45,000	72,500
Director fees	27,000	27,000
	\$ 240,750	\$ 268,250

In addition, the Company recorded share-based compensation of \$77,913 (2020 - \$48,204), which relates to incentive stock options granted to directors and officers. Share-based compensation is a non-cash item calculated using the Black-Scholes Option-Pricing Model with the assumptions detailed in Note 5.

CANASIL RESOURCES INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021**

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7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company had a lease agreement for its office premises that expired on September 30, 2021 and contained no renewal clause (*Note 9*). Monthly payments during 2021 were \$3,956 and included basic rent and a pro rata share of common operating costs.

On January 1, 2019, the date of initial application under IFRS 16, the Company recorded this agreement as a lease liability with an initial measurement equal to the present value of the remaining lease payments using the Company's estimated incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method and adjusted for interest and principal. The right-of-use asset has been measured at an amount equal to the initial lease liability and is subsequently depreciated on a straight-line basis over the remaining term of the lease.

Details of the right-of-use asset for the period are as follows:

	2021		2020
Balance – beginning of period	\$ 29,889	\$	69,742
Depreciation	(29,889)		(29,890)
Balance – end of period	\$ -	\$	39,852

Details of the lease liability for the period are as follows:

	2021		2020
Balance – beginning of period	\$ 34,254	\$	74,295
Lease payments	(35,986)		(34,886)
Interest portion	1,732		5,556
	-		44,965
Less: current portion	-		(44,965)
Balance – long-term portion - end of period	\$ -	\$	-

Accrued interest payable on the lease liability to September 30, 2021 totalled \$nil (December 31, 2020 - \$349).

CANASIL RESOURCES INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2021**

Expressed in Canadian Dollars

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8. SEGMENTED INFORMATION

The Company currently operates in only one operating segment, that being the mineral exploration industry. The Company operates in the following geographical locations:

September 30, 2021	Canada		Mexico		Total
Property and equipment	\$	2,714	\$	64,296	\$ 67,010
Right-of-use asset – office	\$	-	\$	-	\$ -

December 31, 2020	Canada		Mexico		Total
Property and equipment	\$	3,584	\$	71,481	\$ 75,065
Right-of-use asset – office	\$	29,889	\$	-	\$ 29,889

9. SUBSEQUENT EVENTS

Subsequent to September 30, 2021, the Company completed a non-brokered private placement by issuing 4,350,000 units at a price of \$0.125 per unit for gross proceeds of \$543,750 and 1,100,000 flow-through shares at a price of \$0.15 per share for gross proceeds of \$165,000. Each unit consisted of one common share of the Company and one-half of one two-year share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.20 during the first year or \$0.25 during the second year following the closing of the offering. The Company paid finders' fees of \$19,350 on a portion of the placement.

In addition, the Company issued 850,000 shares for proceeds of \$102,000 upon the exercise of warrants and signed a one-year lease on its office premises that commences on October 1, 2021 and calls for monthly payments of \$4,343.