

# **TAMINO MINERALS INC.**

## **UNAUDITED FINANCIAL STATEMENTS**

**FOR THE NINE- AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ -	\$ 337
Total Current Assets	-	337
Mineral interests	786,883	673,358
<b>TOTAL ASSETS</b>	<u>\$ 786,883</u>	<u>\$ 673,695</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current Liabilities		
Accrued expenses	\$ 44,370	\$ 123,917
Accrued interest expense	404	84
Notes payable	10,350	6,400
Notes payable - related parties	124,101	71,838
Salary payable - officers	1,438,760	1,416,480
Notes payable - officers	192,955	192,955
Demand notes payable	60,000	217,426
Total current liabilities	1,870,940	2,029,100
Long-term debt, COVID financial relief loan	47,400	-
Total liabilities	1,918,340	2,029,100
Commitments and contingencies	-	-
Shareholders' Deficit		
Preferred stock, par value \$.000001, 10,000,000 shares authorized, 0 shares issued and outstanding	-	-
Common stock, par value \$.000001, 1,000,000,000 shares authorized, 497,085,278 and 370,585,278 issued and outstanding, respectively	497	371
Additional paid in capital	18,855,151	17,912,227
Accumulated deficit	(19,987,105)	(19,268,003)
Total shareholders' deficit	(1,131,457)	(1,355,405)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	<u>\$ 786,883</u>	<u>\$ 673,695</u>

The accompanying notes are an Integral part of these consolidated financial statements

**Tamino Minerals Inc.**  
**Consolidated Income Statements**  
**UNAUDITED**

	<b>Nine Months Ended September 30, 2021</b>	<b>Nine Months Ended September 30, 2020</b>	<b>Three Months Ended September 30, 2021</b>	<b>Three Months Ended September 30, 2020</b>
Revenue	\$ -	\$ -	\$ -	\$ -
<b>Expenses:</b>				
Salary - officers	242,280	242,280	80,760	80,760
General and administrative	133,111	6,279	120,485	1,903
Legal and professional services	223,266	-	223,266	-
Consulting services	277,550	18,604	(16,905)	2,000
Total Expenses	<u>876,207</u>	<u>267,163</u>	<u>407,606</u>	<u>84,663</u>
Loss from operations	<u>(876,207)</u>	<u>(267,163)</u>	<u>(407,606)</u>	<u>(84,663)</u>
<b>Other income (expense):</b>				
Gain on debt extinguishment	157,426	-	-	-
Interest expense	(321)	-	(118)	-
Total other income (expense)	<u>157,105</u>	<u>-</u>	<u>(118)</u>	<u>-</u>
Net loss before income taxes	(719,102)	(267,163)	(407,724)	(84,663)
Income tax expense	-	-	-	-
Net loss	<u>\$ (719,102)</u>	<u>\$ (267,163)</u>	<u>\$ (407,724)</u>	<u>\$ (84,663)</u>
Basic and diluted loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
<b>Weighted Average Number of Shares Outstanding:</b>				
Basic and diluted	<u>428,224,711</u>	<u>370,585,278</u>	<u>479,020,061</u>	<u>370,585,278</u>

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**Tamino Minerals Inc.**  
**Consolidated Statements of Shareholders' Deficit**  
**For the Nine Months Ended September 30, 2021 and the Years Ended December 31, 2020 and 2019**  
**UNAUDITED**

	<u>Common Shares</u>	<u>Common Stock, Par Value</u>	<u>Additional Paid in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Shareholders' Deficit</u>
Balance, December 31, 2018	370,585,278	\$ 371	\$ 17,912,227	\$ (18,469,770)	\$ (557,172)
December 31, 2019 net loss				(347,262)	(347,262)
Balance, December 31, 2019	370,585,278	371	17,912,227	(18,817,032)	(904,434)
December 31, 2020 net loss				(450,971)	(450,971)
Balance, December 31, 2020	370,585,278	\$ 371	\$ 17,912,227	\$ (19,268,003)	\$ (1,355,405)
March 31, 2021, net loss				(118,812)	(118,812)
Balance, March 31, 2021	370,585,278	371	17,912,227	(19,386,815)	(1,474,217)
Stock-based compensation	37,000,000	37	248,763	-	248,800
Stock issued for salary payable	25,000,000	25	219,975	-	220,000
Purchase of mineral rights	5,000,000	5	43,995	-	44,000
Stock issued for liabilities	30,000,000	30	80,970	-	81,000
June 30, 2021, net loss	-	-	-	(192,566)	(192,566)
Balance, June 30, 2021	467,585,278	468	18,505,930	(19,579,381)	(1,072,983)
Stock-based compensation	27,500,000	27	317,223	-	317,250
Purchase of mineral rights	2,000,000	2	31,998	-	32,000
September 30, 2021, net loss	-	-	-	(407,724)	(407,724)
Balance, September 30, 2021	497,085,278	\$ 497	\$ 18,855,151	\$ (19,987,105)	\$ (1,131,457)

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**Tamino Mineral Inc.**  
**Consolidated Statements of Cash Flow**  
**UNAUDITED**

	<u>Nine Months Ended September 30, 2021</u>	<u>Nine Months Ended September 30, 2020</u>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (719,102)	\$ (267,163)
Adjustment to reconcile net loss to net cash used in operating activities:		
Gain on extinguishment of liabilities	(157,426)	-
Stock-based compensation	566,050	-
Changes in operating assets and liabilities:		
Accrued expenses	1,453	(6)
Salary payable - officers	242,280	242,280
Accrued interest payable	320	-
Net cash used in operating activities	<u>(66,425)</u>	<u>(24,889)</u>
<b>INVESTING ACTIVITIES</b>		
Mineral interests	(5,925)	-
Net cash used in investing activities	<u>(5,925)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans	19,750	3,400
Proceeds from related party loans	52,263	22,123
Cash provided by financing activities	<u>72,013</u>	<u>25,523</u>
Net increase (decrease) in cash	(337)	634
Cash at beginning of the year	337	-
Cash at end of the period	<u>\$ -</u>	<u>\$ 634</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
<b>Non-cash financing activities:</b>		
Stock issued in exchange for accrued expenses	<u>\$ 81,000</u>	<u>\$ -</u>
Stock issued for officers' salary payable	<u>\$ 220,000</u>	<u>\$ -</u>
Stock issued to purchase mineral rights	<u>\$ 44,000</u>	<u>\$ -</u>
Stock issued and debt assumed to purchase subsidiary	<u>\$ 63,600</u>	<u>\$ -</u>

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**Tamino Minerals Inc.**  
**Notes to the Consolidated Financial Statements**  
**September 30, 2021**  
**Unaudited**

**Note 1 – Organization and Basis of Presentation**

**Organization and Line of Business**

Tamino Minerals Inc. (the “Company”) began its existence as Rom Tech, Inc. as a Pennsylvania corporation incorporated in July 1992. Rom Tech, Inc. was changed to Entertainment Games, Inc. (“eGames”) in March of 1999. On March 25, 2013, Tamino Minerals Inc. was authorized as a Pennsylvania corporation. It continues to operate in good standing as a Pennsylvania entity.

The Company transitioned to a mining exploration enterprise. It is currently exploring in Mexico for precious metals including copper, lead and zinc. It has several properties in a highly prospective area for gold in Mexico known as the “Las Amalias Mine” and it continues to evaluate and develop economic opportunities.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Company has a December 31 year end.

**Note 2 – Summary of Significant Accounting Policies**

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary after elimination of significant intercompany balances and transactions.

Use of Estimates

In preparing consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to income tax valuation allowance. On a continual basis, management reviews its estimates, utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company has no cash equivalents. The Company uses one financial institution for its cash balances and has not maintained cash balances that exceed federally insured limits.

## Investments

The Company adopted FASB ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”), which updates certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. The adoption of ASU 2016-01 did not have a material impact on the Company’s consolidated financial statements.

## Exploration and Evaluation of Mineral Properties

Exploration and evaluation assets represent properties on which the Company is conducting exploration to determine whether significant mineralization exists or for which the Company has identified a mineral resource of such quantity and grade or quality that it has reasonable prospects for economic extraction. All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest are expensed as incurred. Once the legal right to explore has been obtained, exploration expenditures are capitalized in respect of each identifiable area of interest until a technical feasibility study has been completed and the commercial viability of extracting a mineral resource is demonstrable. Exploration and evaluation activities include the following:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation assets are carried at historical cost, less any impairment, if applicable.

## Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." Topic 606 established that the Company recognize revenue using the following five-step model

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as, the Company satisfies a performance obligation.

The Company will identify performance obligations in contracts with customers. The transaction price is determined based on the amount the Company expects to be entitled to receive in exchange for transferring the promised services to the customer. The transaction price in the contract is allocated to each distinct performance obligation in an amount that represents the relative amount of consideration expected to be received in exchange for satisfying each performance obligation. Revenue is recognized when performance obligations are satisfied.

## ***Judgments and Estimates***

The estimation of variable consideration for each performance obligation requires the Company to make subjective judgments. The Company may enter contracts with customers that regularly include promises to transfer multiple services. For arrangements with multiple services, the Company evaluates whether the individual services qualify as distinct performance obligations. In its assessment of whether a service is a distinct performance obligation, the Company determines whether the customer can benefit from the service on its own or with other readily available resources, and whether the service is separately identifiable from other services in the contract. This evaluation requires the Company to assess the nature of each individual service offering and how the services are provided in the context of the contract, including whether the services are significantly integrated, highly interrelated, or significantly modify each other, which may require judgment based on the facts and circumstances of the contract.

If an agreement involves multiple distinct performance obligations, the Company allocates arrangement consideration to all performance obligations at the inception of an arrangement based on the relative standalone selling prices (“SSP”) of each performance obligation. Where the Company has standalone sales data for its performance obligations which are indicative of the price at which the Company sells a promised service separately to a customer, such data is used to establish SSP. In instances where standalone sales data is not available for a particular performance obligation, the Company estimates SSP by the use of observable market and cost-based inputs. The Company continues to review the factors used to establish list price and will adjust standalone selling price methodologies as necessary on a prospective basis.

#### ***Contract Assets***

Contract assets are recorded for those parts of the contract consideration not yet invoiced but for which the performance obligations are completed. The revenue is recognized when the customer receives services. Contract assets are included in other current or non-current assets in the consolidated balance sheets, depending on if their reduction will be recognized during the succeeding twelve-month period or beyond.

#### ***Deferred Revenue***

Deferred revenues represent billings or payments received in advance of revenue recognition and are recognized upon transfer of control. Balances consist primarily of prepaid services not yet provided as of the balance sheet date. Deferred revenues that will be recognized during the succeeding twelve-month period are recorded as current deferred revenues in the consolidated balance sheets, with the remainder recorded as other non-current liabilities in the consolidated balance sheets.

#### ***Costs to Obtain a Customer Contract***

Sales commissions and related expenses are considered incremental and recoverable costs of acquiring customer contracts. These costs are capitalized as other current or non-current assets and amortized on a straight-line basis over the life of the contract, which approximates the benefit period. The benefit period was estimated by taking into consideration the length of customer contracts, technology lifecycle, and other factors. All sales commissions are recorded as consulting fees within the Company's consolidated statement of operations.

#### ***Remaining Performance Obligations***

As of September 30, 2021 and December 31, 2020, the Company had no contract revenue and no contract revenue which has a remaining performance obligation.

#### **Cost of Services**

Cost of services consist of direct costs paid to third parties to generate revenue.



## Fair Value of Financial Instruments

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Company bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

## Impairment of long-lived assets

The Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. During the nine- and three-month periods ended September 30, 2021 and 2020, the Company did not record any impairment losses.

## Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible. A valuation allowance has been established to eliminate the Company's deferred tax assets as it is more likely than not that any of the deferred tax assets will be realized.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Based on the Company's history of losses, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's consolidated financial statements. The Company believes that its income tax positions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

The Company may in the future become subject to foreign, federal, state and local income taxation though it has not been since inception. The Company is not presently subject to any income tax audit in any taxing jurisdiction.

### Basic Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the Company's net income or loss applicable to common shareholders by the weighted average number of common shares during the period. A diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the income statement period. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. For the nine- and three-month periods ended September 30, 2021 and 2020 the Company had no convertible securities outstanding.

### Stock-Based Compensation

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of employee stock option awards at the date of grant, which requires the input of highly subjective assumptions, including expected volatility and expected life. Changes in these inputs and assumptions can materially affect the measure of estimated fair value of share-based compensation. These assumptions are subjective and generally require significant analysis and judgment to develop. The Company estimates volatility by considering the historical stock volatility. The Company has opted to use the simplified method for estimating expected term.

### Recent Accounting Pronouncements

In March 2017 the FASB issued ASU 2017-04 Intangibles—Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment. This amendment simplifies the measurement of goodwill by eliminating Step 2 from the goodwill impairment test. This update is effective for fiscal years beginning after December 15, 2021. The adoption of ASU No. 2017-04 is not expected to have a material impact on the Company's consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying consolidated financial statements. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

### **Note 3 – Going Concern Matters and Realization of Assets**

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the ordinary course of business. However, the Company has negative working capital, an accumulated deficit, and is not generating revenues. In addition, the Company may be unable to meet all of its obligations as they become due. The Company believes that its existing cash resources may not be sufficient to fund its debt payments and working capital requirements.

The Company may not be able to raise sufficient additional debt, equity, or other cash on acceptable terms, if at all. Failure to generate sufficient revenues, raise sufficient funds to complete its mineral exploration activities, or achieve certain other business plan objectives could have a material adverse effect on the Company's results of operations, cash flows and financial position, including its ability to continue as a going concern, and may require it to significantly reduce, reorganize, discontinue or shut down its operations.

In view of the matters described above, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company which, in turn, is dependent upon the Company's ability to meet its financing requirements on a continuing basis, and to succeed in its future operations. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in its existence.

Management's plans include the pursuit of financing from known lenders, related parties and larger mining companies that seek to operate as a joint venture and earn-in financing that is common in the mining industry.

Management has determined, based on the debt balances it is carrying, that without additional cash resources to complete its exploration activities, it is not probable that management's plan will sufficiently alleviate or mitigate, to a sufficient level, the relevant conditions or events noted above. Accordingly, the management of the Company has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year after the issuance date of these consolidated financial statements.

### **Note 4 – Income Taxes**

The Company did not have any material unrecognized tax benefits as of September 30, 2021 and December 31, 2020. The Company does not expect the unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company recorded no interest and penalties relating to unrecognized tax benefits as of and during the nine- and three-month periods ended September 30, 2021 and 2020. The Company is subject to United States federal income tax, as well as taxes by various state and foreign jurisdictions.

The Tax Cuts and Jobs Act ("Tax Act") was enacted on December 22, 2017. Among numerous provisions, the Tax Act reduced the U.S. federal corporate tax rate from 35% to 21%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and created new taxes on certain foreign sourced earnings. As a result of the Tax Act, the Company re-measured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21% for federal tax and 8% for state tax.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company has established a full valuation allowance for any deferred taxes.

The Company recorded no interest and penalties relating to unrecognized tax benefits as of and during the nine- and three-month periods ended September 30, 2021 and 2020. The Company is subject to U.S. federal income tax, as well as taxes by various state jurisdictions. The Company recorded no income tax expense for the nine- and three-month periods ended September 30, 2021 and 2020 due to the net loss in all periods.

#### **Note 5 – Debt**

The Company has notes payable totalling \$60,000 and \$217,426 as of September 30, 2021 and December 31, 2020, that are payable on demand and non-interest bearing. In fiscal 2021, the Company is no longer required to pay \$157,426 of the notes payable that were outstanding as of December 31, 2020 due to the time limits imposed by the statute of limitations. Consequently, the Company recorded a gain on debt extinguishment of \$157,426 in the nine-months period ended September 30, 2021.

The Company received one-year loans totalling \$6,400 during the year ended December 31, 2020, plus an additional \$3,950 in loans in the nine months ended September 30, 2021, that bear interest at an annual rate of 4.5%. Accrued interest payable amounted to \$404 and \$84 as of September 30, 2021 and December 31, 2020.

The Company received \$15,800 on February 9, 2021 as an interest-free loan from the government of Canada under the Canada Emergency Business Account (“CEBA”). In June 2021, the Company assumed an existing CEBA loan when it purchased 2252629 Ontario Inc., resulting in a total CEBA loan payable of \$47,400. The loan is interest free before December 31, 2022 and principal payments are not required. If the loan is not repaid by January 1, 2023, the loan becomes a 3-year term loan with a 5% interest rate per year. Only interest payments are required on a monthly basis, with the outstanding principal due in full by December 31, 2025. Depending on the total amount of the CEBA loan, between 25% to 34% of the loan is eligible for a loan forgiveness benefit.

#### **Note 6 – Related Party Transactions**

Related party notes payable account total \$124,101 and \$71,838 as of September 30, 2021 and December 31, 2020, respectively. Advances are regularly provided by related parties to pay for operating expenses and mineral exploration. The notes are payable on demand and are not interest bearing.

Notes payable to officers amounted to \$192,955 as of September 30, 2021 and December 31, 2020. These notes are not interest bearing and they are payable on demand.

Salary payable to officers amounted to \$1,438,760 and \$1,416,480 as of September 30, 2021 and December 31, 2020, respectively. Officers’ salary expense amounted to \$242,280 in the nine-month periods ended September 30, 2021 and 2020. Officers’ salary expense amounted to \$80,760 in the three months ended September 30, 2021 and 2020. On April 26, 2021, the Chief Executive Officer of the Company received 25,000,000 shares of restricted common stock valued at \$220,000 that reduced the salary payable to officers.

#### **Note 7 – Stockholders’ Equity (Deficit)**

The Company is authorized to issue 1,000,000,000 shares of common stock, par value \$0.000001 per share and 10,000,000 shares of preferred stock, par value \$0.000001 per share. As of September 30, 2020 and December 31, 2020 there were 497,085,278 and 370,585,278 shares of common stock and 1 share of preferred stock, respectively, issued and outstanding. The holder of the one share of preferred stock has voting control of the Company.

During the three months ended September 30, 2021, the Company issued 27,500,000 shares of common stock, valued at \$317,250 for consulting services and legal services, and 2,000,000 shares of common stock valued at \$32,000 to complete the purchase of 2252629 Ontario Inc., a wholly owned subsidiary.

15,000,000 shares of the stock-based compensation in the quarter ended September 30, 2021 were issued for legal services to Mr. Donald Kerr. On March 15, 2016 the Company entered into a Professional and Services Agreement with Mr. Donald Keer in order to litigate against Beaufort Capital Partners LLC. The Company has agreed to issue up to 50,000,000 shares of common stock for legal services, of which 15,000,000 have been issued so far.

During the three months ended June 30, 2021, the Company issued 37,000,000 shares of common stock, valued at \$248,800, for consulting services. The Company also issued 30,000,000 shares as payment for services in conjunction with a contract. The value of the contract was \$81,000, and the share issuance paid for the full amount of the contract, which was recorded in accrued expenses.

On April 26, 2021, the Company issued 25,000,000 shares of restricted common stock valued at \$220,000 to reduce the amount of accrued salary payable to the Company's Chief Executive Officer.

In the quarter ended June 30, 2021, the Company also issued 5,000,000 shares of restricted common stock, valued at \$44,000, for the acquisition of mining projects.

## **Note 8 – Commitment and Contingencies**

### Litigation

The Company has filed litigation against Dale Barlage with Federal Authorities in the Republic of Mexico. The company was not able to serve Mr. Barlage because he was in federal prison. Management believes that he has fled the United States of America. The Company plans to report progress as the case advances.

Legal counsel has advised the Company that under Mexican mining law, a mining claim must be kept in good standing until the case is resolved. As an example, there was a case that occurred in the 1980s where the Tarahumara Indians in the State of Chihuahua had a legal claim against a mining company. Mistakenly such mining claim was declared null and void, it was cancelled, due to the fact that there was no apparent activity.

President Carlos Salinas de Gortari reinstated the disputed mining claim and awarded the Tarahumara Indians a new title so that they could settle with the mining company. Such example is set forth by our CEO, as he purchased a mining claim from the Tarahumara Indians in the year 2003. The precedent was set by the Mexican Mining Bureau by Presidential Decree and has been brought to the attention of the Mexican federal authorities.

The Company has served Mr. Dale Barlage through the International Arbitration Court. The Government of Canada has been instrumental in assisting the Company in the completion of an exploration program in order to successfully obtain a result from the Exploration of the Las Amalias Property. The lengthy delay in excess of 8 years derived from the inadequate management of this investigation in various jurisdictions has been catastrophic and the Company intends to demand substantial repair and punitive damages.

### Leases

The company's mineral interests are in Hermosillo, Mexico. Its corporate offices are in Canada at a location owned by the Chief Executive Officer and no rent is charged to the Company.

### Contingencies

A novel strain of coronavirus, or COVID-19, has spread throughout Asia, Europe and the United States, and has been declared to be a pandemic by the World Health Organization. Our business plans have not been significantly impacted by

the COVID-19 outbreak. However, we cannot at this time predict the specific extent, duration, or full impact that the COVID-19 outbreak will have on our financial condition, operations, and business plans for 2021. Our operations have adapted social distancing and cleanliness standards and we may experience delays in anticipated timelines and milestones.

COVID-19 prevented the Company from taking swift legal action against a group of investors from Montreal, because the courts were not hearing cases. Management is waiting for the courts in Canada to open so it can proceed against these investors that did not fulfill their contractual obligations. An arbitrator has been appointed to assist with the lawsuit in hopes of finding a resolution that is satisfactory to the Company.

## **Note 9 – Fair Value**

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company has the ability to access at the measurement date.
- Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, we base fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows that could significantly affect the results of current or future value.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value where it is practicable to do so for financial instruments not recorded at fair value (disclosures required by the Fair Value Measurements Topic of the FASB Accounting Standards Codification).

### ***Cash and cash equivalents and accrued expenses***

In general, carrying amounts approximate fair value because of the short maturity of these instruments.

### ***Debt***

The debt is carried at its face value plus accrued interest. Based on the small size of the Company, it is impracticable for the Company to estimate the fair value of its debt.

The Company has no instruments with significant off-balance sheet risk.

**Note 10 – Mineral Properties**

As of September 30, 2021 and December 31, 2020, the Company's mining interests amounted to \$786,883 and \$673,695, respectively. The mineral properties consist of unpatented claims in Mexico, in an area known as the “Las Amalias Mine.”

The Company purchased additional mineral rights, effective June 5, 2021, by purchasing 2252629 Ontario Inc., a company incorporated in the province of Ontario. The total purchase price was \$63,600, which includes the issuance of 2 million shares of common stock and the assumption of debt.

**Note 11 – Subsequent Events**

The company has evaluated all subsequent events through the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.