



**Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2022 and 2021  
Unaudited – Prepared by Management**

(Expressed in Canadian dollars)

**VELOCITY MINERALS LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)  
As at

	<b>September 30, 2022</b>	December 31, 2021
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,690,737	\$ 4,676,562
Receivables (Note 3)	304,560	303,006
Prepaid expenses	42,936	53,667
	<b>2,038,233</b>	5,033,235
<b>Property and equipment</b>	<b>352,257</b>	244,223
<b>Exploration and evaluation assets (Note 4)</b>	<b>24,441,370</b>	23,203,534
	<b>\$ 26,831,860</b>	\$ 28,480,992
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Trade and other payables (Note 9)	\$ 230,691	\$ 368,479
Lease liabilities, current	105,701	61,147
	<b>336,392</b>	429,626
<b>Lease liabilities, long term</b>	<b>129,717</b>	44,776
	<b>466,109</b>	474,402
<b>Shareholders' equity</b>		
Share capital (Note 6)	40,309,367	40,309,367
Reserves (Note 6)	1,963,302	1,711,765
Deficit	(20,548,248)	(18,473,479)
	<b>21,724,421</b>	23,547,653
Non-controlling interest (Note 7)	4,641,330	4,458,937
	<b>26,365,751</b>	28,006,590
	<b>\$ 26,831,860</b>	\$ 28,480,992

**Nature and continuance of operations (Note 1)**

**Subsequent event (Note 6)**

**On behalf of the Board on November 18, 2022**

*"Keith Henderson"*

Director

*"Michael Hoffman"*

Director

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

**VELOCITY MINERALS LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>EXPENSES</b>				
Consulting (Note 9)	\$ 11,237	\$ 23,665	\$ 42,880	\$ 47,186
Depreciation	11,262	-	13,426	-
Investor relations	20,779	17,768	59,034	96,153
Office and general	40,745	58,592	137,336	142,769
Professional fees	101,438	88,843	332,558	281,567
Project evaluation (Note 8 and 9)	94,854	124,953	529,899	207,287
Regulatory and transfer agent fees	14,902	8,771	55,820	46,414
Salaries and benefits (Note 9)	213,081	188,616	676,595	613,159
Share-based compensation (Note 6 and 9)	97,676	42,258	162,208	104,731
Travel	28,496	17,932	85,159	44,228
	<b>(634,470)</b>	<b>(571,398)</b>	<b>(2,094,915)</b>	<b>(1,583,494)</b>
<b>OTHER INCOME (EXPENSES)</b>				
Accretion expense (Note 5)	-	-	-	(49,294)
Foreign exchange gain (loss)	12,987	35,576	(44,865)	(59,745)
Interest expense	(2,197)	-	(3,594)	(100,536)
Interest income	1,146	-	9,278	12,499
Other expense	(9,911)	(48,636)	(21,417)	(48,636)
Total other income (expenses)	<b>2,025</b>	<b>(12,760)</b>	<b>(60,598)</b>	<b>(245,712)</b>
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>				
	<b>(632,445)</b>	<b>(584,158)</b>	<b>(2,155,513)</b>	<b>(1,829,206)</b>
<b>Loss and comprehensive loss attributable to:</b>				
Owners of the Company	<b>(598,649)</b>	<b>(552,388)</b>	<b>(2,074,769)</b>	<b>(1,741,141)</b>
Non-controlling interest	<b>(33,796)</b>	<b>(31,770)</b>	<b>(80,744)</b>	<b>(88,065)</b>
	<b>(632,445)</b>	<b>(584,158)</b>	<b>(2,155,513)</b>	<b>(1,829,206)</b>
<b>Loss per common share</b>				
-Basic and diluted	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>				
-Basic and diluted	<b>160,278,919</b>	<b>158,219,394</b>	<b>160,278,919</b>	<b>151,185,720</b>

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

**VELOCITY MINERALS LTD.**
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

	<u>Share capital</u>		Reserves	Equity component of convertible debenture	Non-controlling interest	Deficit	Total
	Number of common shares	Amount					
Balance, December 31, 2020	135,374,015	\$ 33,738,027	\$ 1,601,716	\$ 1,106,812	\$ 3,365,289	\$ (15,983,513)	\$ 23,828,331
Shares issued on conversion of debentures – principal and interest	21,211,136	5,574,477	-	(1,106,812)	-	-	4,467,655
Stock option exercises	775,000	347,365	(125,865)	-	-	-	221,500
Warrant exercises	957,884	257,004	(23,216)	-	-	-	233,788
Share-based compensation	-	-	184,744	-	-	-	184,744
Change in net assets of Tintyava Exploration AD	-	-	-	-	1,121,972	-	1,121,972
Loss and comprehensive loss	-	-	-	-	(88,065)	(1,741,141)	(1,829,206)
<b>Balance, September 30, 2021</b>	<b>158,318,035</b>	<b>\$ 39,916,873</b>	<b>\$ 1,637,379</b>	<b>\$ -</b>	<b>\$ 4,399,196</b>	<b>\$ (17,724,654)</b>	<b>\$ 28,228,794</b>
<b>Balance, December 31, 2021</b>	<b>160,278,919</b>	<b>\$ 40,309,367</b>	<b>\$ 1,711,765</b>	<b>\$ -</b>	<b>\$ 4,458,937</b>	<b>\$ (18,473,479)</b>	<b>\$ 28,006,590</b>
Share-based compensation	-	-	251,537	-	-	-	251,537
Change in net assets of Tintyava Exploration AD	-	-	-	-	263,137	-	263,137
Loss and comprehensive loss	-	-	-	-	(80,744)	(2,074,769)	(2,155,513)
<b>Balance, September 30, 2022</b>	<b>160,278,919</b>	<b>\$ 40,309,367</b>	<b>\$ 1,963,302</b>	<b>\$ -</b>	<b>\$ 4,641,330</b>	<b>\$ (20,548,248)</b>	<b>\$ 26,365,751</b>

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

**VELOCITY MINERALS LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	<b>Nine months ended September 30, 2022</b>	Nine months ended September 30, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (2,155,513)	\$ (1,829,206)
Adjustments for:		
Accretion expense	-	49,294
Depreciation	13,426	-
Depreciation included in project evaluation	14,007	-
Foreign exchange gain, unrealized	(5,866)	-
Interest expense, non-cash	-	100,536
Share-based compensation	162,208	104,731
Interest paid on leases	3,593	2,829
Interest income	(9,278)	(12,499)
Changes in non-cash working capital items:		
Receivables	(408)	(84,309)
Prepaid expenses	10,371	61,246
Trade and other payables	41,936	(108,655)
Net cash used in operating activities	<b>(1,925,164)</b>	<b>(1,716,033)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from issuance of common shares	-	455,288
Non-controlling interest – equity contributions	263,137	1,121,972
Lease payments	(48,972)	(47,029)
Net cash provided by financing activities	<b>214,165</b>	<b>1,530,231</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(7,843)	(45,796)
Exploration and evaluation assets	(1,275,115)	(4,986,410)
Interest received	8,132	6,564
Net cash used in investing activities	<b>(1,274,826)</b>	<b>(5,025,642)</b>
<b>Change in cash and cash equivalents during the period</b>	<b>(2,985,825)</b>	<b>(5,211,444)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>4,676,562</b>	<b>10,543,821</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,690,737</b>	<b>\$ 5,332,377</b>
<b>Cash</b>	<b>\$ 883,806</b>	<b>\$ 870,461</b>
<b>Cash equivalents</b>	<b>732,149</b>	<b>4,200,000</b>
<b>Restricted cash</b>	<b>74,782</b>	<b>261,916</b>
	<b>\$ 1,690,737</b>	<b>\$ 5,332,377</b>

**Supplemental disclosure with respect to cash flows (Note 10)**

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

**VELOCITY MINERALS LTD.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Velocity Minerals Ltd. (“Velocity” or, the “Company”) was incorporated under the laws of the province of Alberta on September 22, 2000 and was continued into British Columbia on December 2, 2004. The head office and principal address of the Company is Suite 890 - 999 West Hastings Street, Vancouver, BC V7L 2B3. The common shares of the Company trade on the TSX Venture Exchange (“TSX-V”) with the symbol “VLC.V” as well as on the OTCQB Venture Market under the symbol “VLCJF”. The Company is in the business of acquiring, exploring, and evaluating mineral resource properties in Bulgaria.

The Company is in the process of exploring its mineral resource properties and evaluating new properties for potential acquisition. The Company has determined that it has one mineral reserve but has not yet determined whether its other properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future profitable production.

As at September 30, 2022, the Company has working capital of \$1,701,841 (December 31, 2021 - \$4,603,609), including restricted cash of \$74,4782 (December 31, 2021 - \$61,592) and an accumulated deficit of \$20,548,248 (December 31, 2021 - \$18,473,479). The Company expects to incur further losses in the development of its business. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing to successfully explore and evaluate its mineral properties and, ultimately, to achieve profitable operations. Management estimates that the Company will be able to meet its obligations and to sustain operations for at least the next twelve months.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal courses of business rather than through a process of forced liquidation. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset and amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. BASIS OF PREPARATION****Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”.

**Basis of presentation**

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows for the three and nine months ended and as at September 30, 2022 and 2021 have been included. Operating results for the three and nine month periods ended September 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency and presentation currency of the Company and its subsidiaries is the Canadian dollar. Certain comparative figures have been reclassified to conform with presentation adopted for the current period.

**VELOCITY MINERALS LTD.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

**2. BASIS OF PREPARATION (cont'd...)****Significant accounting policies**

The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the years ended December 31, 2021 and 2020.

**Significant accounting judgments, estimates and assumptions**

Estimates and judgments are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are continuously evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended December 31, 2021.

**3. RECEIVABLES**

	September 30, 2022	December 31, 2021
Trade receivables	\$ -	\$ 819
Value added taxes receivable	304,560	302,187
Total	\$ 304,560	\$ 303,006

**4. EXPLORATION AND EVALUATION ASSETS**

Title to exploration and evaluation assets 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 exploration and evaluation assets. The Company has investigated title to all its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing.

**a) Tintyava Property – Bulgaria**

On July 19, 2017, the Company, through its subsidiary Kibela, entered into an option agreement whereby the Company was granted an option by Gorubso-Kardzhali AD ("Gorubso") to acquire an undivided 70% legal and beneficial interest in Tintyava, an entity owned by Gorubso that holds a 100% interest in a prospecting and exploration permit located in south-eastern Bulgaria. On March 1, 2019, and after meeting the terms of the Option Agreement, shares of Tintyava, representing 70% ownership by the Company, were registered in the name of Kibela.

**b) Nadezhda Property – Bulgaria**

On March 5, 2019, the Company entered into an option agreement for the Nadezhda project, which is centered on the Makedontsi deposit. Under the terms of the option agreement, the Company can earn a 70% interest in the Nadezhda project. On November 16, 2021, the Company announced that it had met its obligation under the option agreement and had exercised its option and is deemed to have earned a 70% interest in the Nadezhda project. As at September 30, 2022 the joint venture entity had not been formed.

**VELOCITY MINERALS LTD.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

**4. EXPLORATION AND EVALUATION ASSETS (cont'd...)**c) Momchil Property – Bulgaria

On March 5, 2019, the Company entered into an option agreement for the Momchil project, which is centered on the Obichnik deposit. Under the terms of the option agreement, the Company can earn a 70% interest in the Momchil project. On June 23, 2021, the Company announced that it had met its obligation under the option agreement and had exercised its option and is deemed to have earned a 70% interest in the Momchil project. As at September 30, 2022 the joint venture entity had not been formed.

d) Iglika Property – Bulgaria

On June 26, 2020, the Company entered into a Letter Agreement with Balkan Minerals Development OOD (“BMD”), a Bulgarian private company, and its shareholders, for an exclusive option to acquire a 100% interest in the Iglika gold-copper property through acquiring all of the issued and outstanding shares of BMD. On February 19, 2021, the parties entered into a definitive agreement, which amended the terms of the Letter agreement. Pursuant to the terms of the definitive agreement, the Company could acquire 100% of BMD shares by incurring EUR 300,000 in exploration and evaluation by December 31, 2021. On March 2, 2021, the Company acquired 100% of BMD shares. BMD former shareholders have retained a 2% net smelter returns royalty capped at US\$5,000,000. At any time, 1.5% of the royalty can be purchased for EUR 1,500,000.

e) Exploration and evaluation assets continuity

	<b>Tintyava</b>	<b>Nadezhda</b>	<b>Momchil</b>	<b>Iglika</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b><i>Acquisition costs</i></b>					
Balance, December 31, 2021	2,097,757	6,635	1,384	146,132	2,251,908
Additions – legal and claim fees	4,283	105,490	60,700	979	171,452
<b>Balance, September 30, 2022</b>	<b>2,102,040</b>	<b>112,125</b>	<b>62,084</b>	<b>147,111</b>	<b>2,423,360</b>
<b><i>Exploration and evaluation</i></b>					
Balance, December 31, 2021	13,307,608	655,365	5,462,854	1,525,799	20,951,626
Community relations	23,861	-	-	7,742	31,603
Drilling and assays	2,350	-	-	208,679	211,029
Metallurgy, engineering, environmental studies	82,033	-	-	-	82,033
Field and vehicles	157,079	-	-	70,809	227,888
Geological	105,657	-	6,194	9,427	121,278
Salaries	196,775	-	-	106,449	303,224
Share-based compensation	66,545	1,247	1,247	20,290	89,329
Additions – exploration and evaluation	634,300	1,247	7,441	423,396	1,066,384
<b>Balance, September 30, 2022</b>	<b>13,941,908</b>	<b>656,612</b>	<b>5,470,295</b>	<b>1,949,195</b>	<b>22,018,010</b>
<b>Balance, September 30, 2022</b>	<b>16,043,948</b>	<b>768,737</b>	<b>5,532,379</b>	<b>2,096,306</b>	<b>24,441,370</b>

**5. CONVERTIBLE DEBENTURE**

On March 14, 2019, the Company issued a convertible debenture valued at \$5,094,000 with an interest rate of 8.5% per annum compounded semi-annual, convertible into common shares at \$0.25 per share, with a maturity date of March 14, 2024. On March 26, 2021, all of the Company’s convertible debentures were converted to 21,211,136 common shares of the Company. Accretion expense for the nine months ended September 30, 2022 was \$nil (2021 - \$49,294).



**VELOCITY MINERALS LTD.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

**6. SHARE CAPITAL AND RESERVES***Authorized share capital*

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

*Issued share capital*Nine months ended September 30, 2022

There were no share issuances during the nine months ended September 30, 2022.

Nine months ended September 30, 2021

On March 26, 2021, the Company issued 21,211,136 common shares of the Company on the conversion of Convertible Debentures with a carrying value of \$4,258,883 (aggregate principal of \$5,094,000) and accrued interest of \$208,782.

During the nine months ended September 30, 2021, the Company issued 775,000 common shares pursuant to stock options exercises for aggregate gross proceeds of \$221,500, and in connection with this, the Company transferred \$125,865 from reserves to share capital. In addition, the Company issued 957,884 common shares for gross proceeds of 233,788 pursuant to warrants exercises.

**Stock options**

As at September 30, 2022, the Company had stock options outstanding and exercisable enabling the holder to acquire common shares as follows:

<b>Number of Stock options Outstanding</b>	<b>Number of Stock options Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Remaining life in years</b>
250,000	250,000	\$0.31	November 14, 2022	0.1
900,000	597,600	\$0.48	August 11, 2025	2.9
1,204,000	399,728	\$0.45	May 12, 2026	3.6
4,350,000	-	\$0.30	May 31, 2027	4.7
200,000	-	\$0.25	August 16, 2027	4.9
<b>6,904,000</b>	<b>1,247,328</b>	<b>\$0.35</b>		<b>4.1</b>

Stock option transactions are summarized as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
As at December 31, 2020	7,580,000	\$ 0.35
Granted	1,204,000	0.45
Cancelled	(200,000)	0.35
Exercised	(775,000)	0.29
Expired	(1,150,000)	0.42
Forfeited	(5,000)	0.48
As at December 31, 2021	6,654,000	\$ 0.37
Granted	4,550,000	0.30
Expired	(4,300,000)	0.32
<b>As at September 30, 2022</b>	<b>6,904,000</b>	<b>\$ 0.35</b>

**VELOCITY MINERALS LTD.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

**6. SHARE CAPITAL AND RESERVES (cont'd...)****Stock options (cont'd...)**

Subsequent to September 30, 2022, 250,000 stock options exercisable at \$0.31 expired unexercised.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the nine months ended September 30, 2022 and 2021:

	September 30, 2022	September 30, 2021
Expected life of options (years)	4.0	4.0
Annualized volatility	64%	93%
Dividend rate	-	-
Risk-free rate	2.71%	0.79%
Weighted average fair value per option granted	\$ 0.12	\$ 0.30

During the three and nine months ended September 30, 2022 and 2021, the Company recognized share-based compensation as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>Share-based compensation:</b>				
Included in statement of loss and comprehensive loss	\$ 97,676	\$ 42,258	\$ 162,208	\$ 104,731
Included in exploration and evaluation assets	44,992	37,095	89,329	80,013
<b>Total share-based compensation expense</b>	<b>\$ 142,668</b>	<b>\$ 79,353</b>	<b>\$ 251,537</b>	<b>\$ 184,744</b>

**Warrants**

The following common share purchase warrants entitle the holder thereof to purchase one common share for each warrant. Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2020	19,456,812	\$ 0.25
Exercised	(2,918,768)	0.21
Expired	(7,238,044)	0.55
As at December 31, 2021	9,300,000	\$ 0.25
Expired	(9,300,000)	0.25
As at September 30, 2022	-	\$ -

**VELOCITY MINERALS LTD.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

**7. NON-CONTROLLING INTEREST**

Non-controlling interest (“NCI”) in the net assets of consolidated subsidiaries are identified separately from the Company’s equity therein. Total comprehensive loss of the Company’s subsidiary is attributed to the equity holders of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. For the three and nine months ended September 30, 2022 and 2021 and as at September 30, 2022 and December 31, 2021, 30% of the net assets of the Company’s consolidated subsidiary, Tintyava, which holds the Tintyava mineral property, were attributable to its non-controlling interest.

The following is summarized financial information of the consolidated subsidiary Tintyava, prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Company’s accounting policies. The information is before inter-company eliminations.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Total loss and comprehensive loss	\$ 112,652	\$ 105,900	\$ 269,145	\$ 293,550
Total loss and comprehensive loss allocated to NCI	33,796	31,770	80,744	88,065

	September 30, 2022	December 31, 2021
Current assets	\$ 489,161	\$ 381,613
Non-current assets	15,450,709	15,023,645
Current liabilities	(453,321)	(517,992)
Non-current liabilities	(15,449)	(24,143)
Net assets	15,471,100	14,863,123
Net assets attributable to NCI	4,641,330	4,458,937

**8. PROJECT EVALUATION**

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Field and vehicles	\$ 6,833	\$ 4,128	\$ 23,054	\$ 4,128
Geological consulting (Note 9)	28,671	27,984	248,857	81,410
Geochemistry	-	-	1,658	-
Permit application fees	-	-	5,561	1,255
Salaries	58,617	92,842	250,036	120,495
	\$ 94,854	\$ 124,953	\$ 529,899	\$ 207,287

Field and vehicles expense includes depreciation expense of \$3,497 and \$14,007 for the three and nine months ended September 30, 2022 (2021 - \$nil and \$nil).

**VELOCITY MINERALS LTD.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

**9. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the three and nine months ended September 30, 2022 and 2021 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>Short-term benefits paid or accrued:</b>				
Consulting fees	\$ 63,437	\$ 93,700	\$ 225,312	\$ 372,500
Salaries and directors' fees	153,519	133,000	432,468	432,822
	216,956	226,700	657,780	805,322
<b>Share-based compensation:</b>				
Share-based compensation	76,799	33,088	124,296	88,677
<b>Total remuneration</b>	<b>\$ 293,755</b>	<b>\$ 259,788</b>	<b>\$ 782,076</b>	<b>\$ 893,999</b>

Consulting fees of \$35,947 and \$99,386 are included in exploration and evaluation assets for the three and nine months ended September 30, 2022 respectively (2021 - \$70,587 and \$286,962), and \$27,490 and \$125,926 are included in project evaluation costs (Note 8) for the three and nine months ended September 30, 2022 respectively (2021 - \$23,113 and \$85,538).

As at September 30, 2022, the Company had \$nil included in trade and other payables due to key management personnel (December 31, 2021- \$21,490).

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the three and nine months ended September 30, 2022 and 2021.

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Depreciation capitalized to exploration and evaluation assets	\$ 80,549	\$ 63,725
Change in trade and other payables related to exploration and evaluation assets	(179,724)	(255,334)
Share-based compensation included in exploration and evaluation assets	89,329	80,013
Interest paid	3,594	2,826
Income taxes paid	-	-

**11. FINANCIAL RISK MANAGEMENT**

The Company's financial instruments consist of cash and cash equivalents, receivables, and trade and other payables. As at September 30, 2022, the carrying values of receivables and trade and other payables approximate their fair values due to their short terms to maturity. The Company's cash and cash equivalents, under the fair value hierarchy is based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company is exposed to certain financial risks including credit risk, currency risks, liquidity risk, interest rate risk, and price risk. Details of each risk are laid out in the notes to the Company's annual audited consolidated financial statements for the year ended December 31, 2021. Management has determined that these risks, individually and in aggregate, are immaterial to the Company.