



Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended June 30, 2022 and 2021
Presented in Canadian dollars
(Unaudited)

O3 Mining

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Condensed Interim Consolidated Statements of Financial Position (Tabular amounts express in thousands of Canadian dollars)

<i>As at</i>	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 10,285	\$ 27,218
Other receivables	400	539
Advances and prepaid expenses	288	343
Taxes recoverable	2,120	1,714
Marketable securities (note 3)	19,349	11,915
Total current assets	32,442	41,729
Non-current assets		
Investment in associate (note 4)	51,475	50,387
Property, plant and equipment (note 5)	4,348	3,552
Exploration and evaluation assets (note 6)	170,011	165,921
Long-term receivables	-	400
Total non-current assets	225,834	220,260
Total assets	\$ 258,276	\$ 261,989
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,893	\$ 4,739
Current lease liabilities	348	238
Total current liabilities	5,241	4,977
Non-current liabilities		
Flow-through premium liability (note 9(a))	882	7,032
Share-based payment liability (note 7)	1,994	1,189
Non-current lease liabilities	1,663	1,341
Deferred tax liability (note 8)	13,939	9,872
Total non-current liabilities	18,478	19,434
Total liabilities	23,719	24,411
Equity		
Share capital (note 9(a))	205,400	204,682
Contributed surplus (note 9(d))	13,251	8,947
Warrants (note 9(e))	5,682	9,399
Retained earnings	10,224	14,550
Total equity attributed to equity holders of the Corporation	234,557	237,578
Total liabilities and equity	\$ 258,276	\$ 261,989

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

Commitments (note 12)
Subsequent events (note 13)

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Condensed Interim Consolidated Statements of Loss/(Income) and Comprehensive Loss/(Income) (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Expenses/(income)				
Compensation expenses (note 10)	\$ 480	\$ 1,173	\$ 2,302	\$ 2,254
General and administration expenses (note 10)	775	499	1,692	1,094
General exploration expenses	62	4	66	24
Loss on impairment of exploration and evaluation assets	-	-	7,893	-
Flow-through premium income (note 9(a))	(2,672)	(3,714)	(6,150)	(7,537)
Gain on disposition of disposal group held for sale	-	-	-	(25,936)
Loss/(gain) from marketable securities (note 3)	1,419	1,607	(209)	670
Gain on disposition of exploration and evaluation assets (note 6)	-	(178)	(4,246)	(275)
Operating loss/(income)	64	(609)	1,348	(29,706)
Finance income	(53)	(107)	(104)	(194)
Finance costs	51	20	103	53
Net finance income	(2)	(87)	(1)	(141)
Share of (gain)/loss of associate (note 4)	(927)	45	(1,088)	45
Loss/(income) before tax	(865)	(651)	259	(29,802)
Deferred income tax expense (note 8)	2,292	814	4,067	2,074
Loss/(income) and comprehensive loss/(income)	\$ 1,427	\$ 163	\$ 4,326	\$ (27,728)
Basic loss/(earnings) per share (note 9(b))	\$ 0.02	\$ -	\$ 0.06	\$ (0.42)
Weighted average number of shares (note 9(b))	68,371,153	68,040,266	68,266,378	65,697,661
Diluted loss/(earnings) per share (note 9(c))	\$ 0.02	\$ -	\$ 0.06	\$ (0.42)
Diluted weighted average number of shares (note 9(c))	68,371,153	68,040,266	68,266,378	65,838,860

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

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Condensed Interim Consolidated Statements of Changes in Equity (Tabular amounts express in thousands of Canadian dollars)

Attributable equity to owners of the Corporation

	Number of Shares	Share	Capital	Warrants	Contributed Surplus	Retained Earnings	Total
Balance January 1, 2022	68,160,439	\$	204,682 \$	9,399 \$	8,947 \$	14,550 \$	237,578
Loss for the period	-	-	-	-	-	(4,326)	(4,326)
Stock-based compensation	-	-	-	-	587	-	587
Expiry of Warrants	-	-	-	(3,717)	3,717	-	-
Issuance of shares on acquisition of East-West Property (note 6(a))	325,000	-	718	-	-	-	718
Balance June 30, 2022	68,485,439	\$	205,400 \$	5,682 \$	13,251 \$	10,224 \$	234,557

Attributable equity to owners of the Corporation

	Number of Shares	Share	Capital	Warrants	Contributed Surplus	(Deficit and Accumulated Deficit)/Retained earnings	Total
Balance January 1, 2021	60,330,966	\$	184,150 \$	9,628 \$	6,816 \$	(5,859) \$	194,735
Income for the period	-	-	-	-	-	27,728	27,728
Stock-based compensation	-	-	-	-	1,085	-	1,085
Expiry of warrants	-	-	-	(229)	229	-	-
Private placement (net of transaction costs (\$2,050,000))	7,709,300	-	18,056	-	-	-	18,056
Balance June 30, 2021	68,040,266	\$	202,206 \$	9,399 \$	8,130 \$	21,869 \$	241,604

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

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Condensed Interim Consolidated Statements of Cash Flows (Tabular amounts express in thousands of Canadian dollars)

<i>For the period ended</i>	June 30, 2022	June 30, 2021
Cash flows provided by/(used in) operating activities		
(Loss)/income for the period	\$ (4,326)	\$ 27,728
Adjustments for:		
Stock-based compensation (note 7 and note 9(d))	1,227	1,074
Depreciation (note 5)	31	4
Flow-through premium income (note 9(a))	(6,150)	(7,537)
Gain on disposition of disposal group held for sale	-	(25,936)
Marketable securities gain (note 3)	(209)	670
Gain on disposition of exploration and evaluation assets (note 6)	(4,246)	(275)
Loss on impairment of exploration and evaluation assets (note 6)	7,893	-
Interest income	(104)	(194)
Interest expense on lease liabilities	49	33
Share of gain of associate (note 4)	(1,088)	45
Deferred income tax expense (note 8)	4,067	2,074
	(2,856)	(2,314)
Change in items of working capital:		
Change in other receivables	539	517
Change in advances and prepaid expenses	55	34
Change in taxes recoverable	8	(473)
Change in accounts payable and accrued liabilities	(877)	(1,578)
Net cash used in operating activities	(3,131)	(3,814)
Cash flows provided by/(used in) investing activities		
Interest received	104	194
Acquisition of marketable securities (note 3)	(162)	(2,815)
Proceeds on disposition of marketable securities (note 3)	549	6,897
Acquisition of property, plant and equipment (note 5)	(495)	(185)
Addition to exploration and evaluation assets (note 6)	(15,831)	(17,468)
Proceeds on disposition of exploration and evaluation assets (note 6)	2,992	301
Acquisition of exploration and evaluation assets (note 6)	(768)	-
Addition to asset held for sale	-	(137)
Net cash used in investing activities	(13,611)	(13,213)
Cash flows (used in)/provided by financing activities		
Repayment of lease liabilities	(191)	(144)
Net cash received from private placements	-	32,935
Net cash (used in)/provided by financing activities	(191)	32,791
(Decrease)/Increase in cash and cash equivalents	(16,933)	15,764
Cash and cash equivalents, beginning of period	27,218	34,269
Cash and cash equivalents, end of period	\$ 10,285	\$ 50,033

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

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Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

1) Reporting entity

O3 Mining Inc. ("**O3 Mining**" or the "**Corporation**") is a Canadian corporation domiciled in Canada. The Corporation was incorporated in British Columbia and continued to Ontario on June 28, 2019 under the Ontario Business Corporations Act. The address of the Corporation's registered office is 155 University Ave, Suite 1440, Toronto, Ontario, Canada. The consolidated financial statements of the Corporation at June 30, 2022 include the Corporation and its subsidiary, O3 Markets Inc. The Corporation is primarily in the business of acquiring, exploring, and developing precious mineral deposits in Canada.

The business of acquiring, exploring, and developing precious mineral deposits involves a high degree of risk. O3 Mining is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital; exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively O3 Mining's ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that O3 Mining's funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material impairment of the carrying value of mineral properties and deferred exploration.

2) Basis of preparation

a) 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 IAS 34, Interim Financial Reporting and are presented in thousands of Canadian dollars.

These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with the Corporation's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2021.

These condensed interim consolidated financial statements were authorized for issuance by the Corporation's board of directors (the "Board of Directors") on August 9, 2022.

b) Significant accounting policies

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2021.

c) Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2022. They are not applicable or do not have a significant impact to the Corporation.

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Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

2) Basis of preparation (continued)

d) Use of critical estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2021.

3) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the three and six-month periods ended June 30, 2022, these shares and warrants were fair valued, and this resulted in an unrealized loss of \$1,732,000 and \$104,000, respectively (2021 – \$1,625,000 and \$4,416,000). The Corporation sold shares during the three and six-month periods ended June 30, 2022, which resulted in a realized gain of \$313,000 and \$313,000, respectively (2021 \$18,000 and \$3,746,000).

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at June 30, 2022 and are therefore classified as level 1 within the fair value hierarchy.

The warrants in the various public companies are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as level 2 within the fair value hierarchy.

The following table summarizes information regarding the Corporation's marketable securities as at June 30, 2022:

As at	June 30, 2022	December 31, 2021
Balance, beginning of period	\$ 11,915	\$ 19,036
Additions	162	3,184
Disposals	(549)	(6,995)
Share consideration from disposition of exploration and evaluation assets (note 6(b))	7,612	446
Realized gain	313	3,622
Unrealized loss	(104)	(7,378)
Balance, end of period	\$ 19,349	\$ 11,915

4) Investment in associate

Moneta Gold Inc. ("Moneta") is a mineral resource exploration and development company focused on the exploration and development of gold projects in the Timmins Camp of Ontario, Canada. Moneta's head office is located in Canada and it is a public company listed on the Toronto Stock Exchange. The trading price of Moneta's common shares on June 30, 2022 was \$1.80 per share which corresponds to a quoted market value of \$44,852,000 for the Corporation's investment in Moneta.

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Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

4) Investment in associate (continued)

The equity accounting for Moneta is based on the results to March 31, 2022, adjusted for significant transactions between March 31, 2022 and June 30, 2022.

The Corporation's investment relating to its associate as at June 30, 2022 is detailed as follows:

As at	June 30, 2022
Balance, beginning of period	\$ 50,387
Share of gain for the period	1,088
Balance, end of period	\$ 51,475

5) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment as at June 30, 2022:

Class	June 30, 2022								Net book value
	Cost				Accumulated depreciation				
	Opening balance	Additions	Write-off / Disposals	Closing balance	Opening balance	Depreciation	Write-off / Disposals	Closing balance	
Computer Equipment	\$ 239	\$ 19	\$ (18)	\$ 240	\$ 71	\$ 25	\$ (8)	\$ 88	\$ 152
Office Equipment	9	5	-	14	9	-	-	9	5
Buildings	1,650	574	-	2,224	212	103	-	315	1,909
Land	629	471	-	1,100	-	-	-	-	1,100
Exploration Equipment	371	-	(25)	346	132	42	(8)	166	180
Milling Plant	299	-	-	299	-	-	-	-	299
Leasehold Improvements	831	-	-	831	72	73	-	145	686
Automobiles	25	-	-	25	5	3	-	8	17
Total	\$ 4,053	\$ 1,069	\$ (43)	\$ 5,079	\$ 501	\$ 246	\$ (16)	\$ 731	\$ 4,348

6) Exploration and evaluation assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at June 30, 2022:

	December 31,					Impairment losses	June 30, 2022
	2021	Acquisitions	Additions	Disposals			
Kan - James Bay	\$ 249	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 252
FCI - Corvette Lithium	(120)	-	-	120	-	-	-
Éléonore Opinaca	1,014	-	2	-	-	-	1,016
Launay	1,011	-	2	-	-	-	1,013
Marban	86,082	1,486	10,542	-	-	-	98,110
Alpha	61,725	-	6,237	-	-	-	67,962
Harricana	1,649	-	9	-	-	-	1,658
East Cadillac	14,311	-	33	(6,451)	(7,893)	-	-
Total exploration and evaluation assets	\$ 165,921	\$ 1,486	\$ 16,828	\$ (6,331)	\$ (7,893)	\$	\$ 170,011

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Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

6) Exploration and evaluation assets (continued)

a) Acquisition of exploration and evaluation assets

On May 3, 2022, O3 Mining acquired 100% of the rights, title and interests in the East-West Property from Emgold Mining Corporation ("Emgold") in exchange for (i) cash consideration of \$750,000, (ii) 325,000 common shares in the capital of the Corporation; and (iii) the grant of a 1% net smelter returns royalty over the East-West Property in favour of Emgold, subject to certain buy-back rights in favour of O3 Mining.

b) Disposition of and impairment on exploration and evaluation assets

On February 22, 2022, the Corporation completed a transaction with Patriot Battery Metals Inc. ("Patriot"), under which the Corporation disposed of the FCI – Corvette Lithium Property in exchange for (i) 1,800,000 common shares of Patriot, and (ii) a one-time cash payment of C\$3,000,000. Consideration recorded for the claims was \$4,126,000 (less transaction costs of \$8,000). Book value of the properties on the date of disposition was a recoverable amount of \$120,000, resulting in a gain on sale of exploration and evaluation assets of \$4,246,000.

On April 21, 2022, the Corporation completed a transaction with Cartier Resources Inc. ("Cartier"), in which it disposed of a 100% interest in its East Cadillac Project, through the sale of its wholly owned subsidiary, Chalice Gold Mines (Québec) Inc. ("CGMQ"), in exchange for 46,273,265 common shares of Cartier. The value of these shares as at April 21, 2022 was \$6,478,000. The net book value of the assets and associated liabilities of CGMQ as at April 21, 2022 and immediately before classifying these as held for sale was \$14,371,000. Due to this triggering event, the Corporation determined that the carrying amount of the exploration assets of the East Cadillac Project exceeded its recoverable amount and as such recorded an impairment of \$7,893,000.

7) Restricted share unit and deferred share unit plans

In August 2019, O3 Mining established an RSU plan and a DSU plan. Under these plans, RSUs can be granted to executive officers and key employees and DSUs can be granted to non-executive directors, as part of their long-term compensation package, entitling them to receive payout in cash or shares, or a combination of both. Should the payout be in cash, the cash value of the payout would be determined by multiplying the number of RSUs and DSUs vested at the payout date by the five-day volume weighted average price from closing price of the Corporation's shares on the day prior to the payout date. Should the payout be in shares, each RSU and DSU represents an entitlement to one common share of the Corporation.

The following table summarizes information regarding the Corporation's outstanding and exercisable RSUs and DSUs as at June 30, 2022:

	Number of DSUs	Number of RSUs
Outstanding at December 31, 2021	186,139	580,000
Granted	300,830	480,000
Forfeited	-	(40,000)
Outstanding at June 30, 2022	486,969	1,020,000

During the six-month period ended June 30, 2022, 300,830 DSUs were issued to directors, 60,830 of which were issued in lieu of directors' fees. The weighted average fair value of the DSUs granted was \$2.02 per DSU initially at the closing price of the common shares of the Corporation on the date of grant. The DSUs vest immediately on the date of grant.

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Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

7) Restricted share unit and deferred share unit plans (continued)

During the six-month period ended June 30, 2022, 480,000 RSUs were issued to management. The weighted average fair value of the RSUs granted was \$1.98 per RSU initially at the closing price of the common shares of the Corporation on the date of grant. The RSUs vest on the third anniversary date from the date of grant.

As at June 30, 2022 the share-based payment liability related to each RSU and DSU was re-measured to fair value at the Corporation's closing share price of \$1.97.

The combined total recognized recovery and expense for RSUs and DSUs for the three and six-month periods ended June 30, 2022 was \$179,000 and \$804,000, respectively (2021 – expense of \$140,000 and \$142,000) from which \$18,000 and \$60,000 respectively were capitalized to exploration and evaluation assets (2021 - \$9,000 and \$11,000).

8) Income taxes

The following table outlines the composition of the deferred tax expense between income tax and mining tax for the period ended June 30, 2022:

<i>For the period ended</i>	June 30, 2022	June 30, 2021
Deferred income tax expense/(recovery)	\$ 2,310	\$ (745)
Deferred mining tax expense	1,758	2,819
Total deferred income tax expense	\$ 4,067	\$ 2,074

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Corporation has the legal right and intent to offset. Deferred tax assets are recognized when the Corporation concludes that sufficient positive evidence exists to demonstrate that it is probable that a deferred tax asset will be realized.

The following table provides the components of the deferred income and mining tax liabilities:

<i>As at</i>	June 30, 2022	December 31, 2021
Deferred tax assets		
Losses	\$ 11,457	\$ 11,989
Mining tax deductible for income tax purposes	2,554	2,088
Share issue costs	2,215	2,216
Investment tax credits	262	262
Other net deductible temporary differences	443	246
Total deferred tax assets	\$ 16,931	\$ 16,801
Deferred tax liability		
Exploration and evaluation assets	\$ (16,903)	\$ (14,029)
Investment in associate	(3,954)	(4,371)
Deferred mining tax liability	(9,638)	(7,881)
Other net taxable temporary differences	(373)	(392)
Total deferred tax liability	\$ (30,870)	\$ (26,673)
Net deferred tax liability	\$ (13,939)	\$ (9,872)

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Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

9) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares	Amount
Balance December 31, 2021	68,160,439	\$ 204,682
Issuance of shares on acquisition of East-West Property (note 6(a))	325,000	718
Balance June 30, 2022	68,485,439	\$ 205,400

The authorized capital of O3 Mining consists of an unlimited number of common shares having no par value. The holders of common shares of the Corporation are entitled to one vote per share at shareholder meetings of the Corporation. All shares rank equally with regards to the Corporation's residual assets.

During the three and six-month periods ended June 30, 2022, flow-through premium income of \$2,672,000 and \$6,150,000 respectively (2021 – \$3,714,000 and \$7,537,000) was recognized relating to the flow-through shares issued.

b) Basic loss and earnings per share

The calculation of basic loss and earnings per share for the three and six-month periods ended June 30, 2022 and 2021 was based on the loss or income attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

For the period ended	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Common shares outstanding, at beginning of the period	68,160,439	68,040,266	68,160,439	60,330,966
Common shares issued during the period	210,714	-	105,939	5,366,695
Basic weighted average number of common shares	68,371,153	68,040,266	68,266,378	65,697,661
Loss/(income) for the period	\$ 1,427	\$ 163	\$ 4,326	\$ (27,728)
Basic loss/(earnings) per share	\$ 0.02	\$ -	\$ 0.06	\$ (0.42)

c) Diluted loss and earnings per share

The calculation of diluted earnings per share for the three and six-month periods ended June 30, 2022 and 2021, was based on the income attributable to common shareholders and a basic weighted average number of common shares outstanding, adjusted for the effect of each stock option where the exercise price exceeds the average market price of ordinary shares during the periods and vested DSUs.

During the three and six-month periods ended June 30, 2022 and 2021 there were no vested RSUs and the average market price of ordinary shares during the period did not exceed the exercise price of the vested warrants. As a result, no adjustment was made to the basic weighted average number of common shares outstanding for these instruments.

The Corporation incurred losses for the three-month periods ended June 30, 2022 and 2021 and for the six-month period ended June 30, 2022, therefore all outstanding stock options, warrants, RSUs and DSUs have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive.

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Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

9) Capital and other components of equity (continued)

c) Diluted loss and earnings per share (continued)

For the period ended	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Basic weighted average number of common shares	68,371,153	68,040,266	68,266,378	65,697,661
Effect of dilutive stock options	-	-	-	75,153
Effect of dilutive DSUs	-	-	-	66,046
Diluted weighted average number of common shares	68,371,153	68,040,266	68,266,378	65,838,860
Loss/(income) for the period	\$ 1,427	\$ 163	\$ 4,326	\$ (27,728)
Diluted loss/(earnings) per share	\$ 0.02	\$ -	\$ 0.06	\$ (0.42)

d) Contributed surplus

On August 13, 2019, the Board of Directors issued an incentive stock-option plan to provide additional incentive to its directors, officers, employees, and consultants. The maximum number of shares reserved for issuance under the incentive stock option plan and all other security-based compensation arrangement of the Corporation is 10% of the issued and outstanding common shares of the Corporation, reduced by the numbers of RSUs and DSUs outstanding. The options issued under the plan may vest at the discretion of the Board of Directors and are exercisable for up to 5 years from the date of grant.

The following table summarizes the stock option transactions for the six-month period ended June 30, 2022:

	Number of stock options	Weighted-average exercise price
Outstanding at December 31, 2021	4,650,876	\$ 2.91
Granted	880,000	1.98
Forfeited	(176,667)	2.94
Expired	(127,190)	3.37
Outstanding at June 30, 2022	5,227,019	\$ 2.74

During the six-month period ended June 30, 2022, 880,000 stock options were issued to directors, management and employees for a period of 5 years. The options have been fair valued using the Black-Scholes option-pricing model.

The total recognized expense for stock options for the three and six-month periods ended June 30, 2022 was \$294,000 and \$587,000, respectively (2021 - \$528,000 and \$1,085,000) from which \$67,000 and \$104,000 respectively were capitalized to exploration and evaluation assets (2021 - \$64,000 and \$142,000).

The following table summarizes the weighted average assumptions used for the valuation of the stock options issued during the six-month period ended June 30, 2022:

For the period ended	June 30, 2022
Fair value at grant date	\$ 1.15
Forfeiture rate	4.9%
Share price at grant date	\$ 1.98
Exercise price	\$ 1.98
Expected volatility	82%
Dividend yield	0.0%
Option life (weighted average life)	3.7 years
Risk-free interest rate (based on government bonds)	1.36%

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

9) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at June 30, 2022:

Range of exercise prices per share (\$)	Options outstanding			Options exercisable		
	Weighted-average remaining years of contractual life	Number of stock options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price (\$)
1.98 to 2.49	4.1	1,105,000	\$2.07	2.4	149,998	\$2.44
2.50 to 2.79	2.4	1,412,019	\$2.53	2.4	1,008,675	\$2.55
2.80 to 3.19	2.1	1,930,000	\$3.07	2.1	1,930,000	\$3.07
3.20 to 3.26	3.5	780,000	\$3.26	3.5	259,994	\$3.26
1.98 to 3.26	2.8	5,227,019	\$2.74	2.3	3,348,667	\$2.90

e) Warrants

The following table summarizes the transactions pertaining to the Corporation's outstanding standard warrants for the six-month period ended June 30, 2022. These warrants are exercisable at one warrant for one common share of the Corporation:

	Number of warrants	Weighted-average exercise price
Outstanding at December 31, 2021	11,832,447	\$ 3.78
Expired	(6,625,505)	3.25
Outstanding at June 30, 2022	5,206,942	\$ 4.44

10) Expenses

The following table summarizes information regarding the Corporation's expenses for the three and six-month periods ended June 30, 2022 and 2021:

For the period ended	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Compensation expenses				
Stock-based compensation (note 7 and note 9(d))	\$ 31	\$ 595	\$ 1,227	\$ 1,074
Salaries and benefits	449	578	1,075	1,180
Total compensation expenses	\$ 480	\$ 1,173	\$ 2,302	\$ 2,254
General and administration expenses				
Shareholder and regulatory expense	\$ 251	\$ 144	\$ 601	\$ 291
Travel expense	74	7	150	7
Professional fees	336	236	668	557
Office expense	114	112	273	239
Total general and administration expenses	\$ 775	\$ 499	\$ 1,692	\$ 1,094
Marketable securities				
Realized gain from marketable securities (note 3)	\$ (313)	\$ (18)	\$ (313)	\$ (3,746)
Unrealized loss from marketable securities (note 3)	1,732	1,625	104	4,416
Total marketable securities loss/(gain)	\$ 1,419	\$ 1,607	\$ (209)	\$ 670

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(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

11) Related party transactions

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Corporation and other related parties are disclosed below.

During the three and six-month periods ended June 30, 2022, management fees, geological services, rent and administration fees of \$171,000 and \$342,000 (2021 - \$161,000 and \$343,000) were incurred with Osisko Mining Inc. ("Osisko Mining"), a related party of the Corporation by virtue of Osisko Mining having significant influence over the Corporation. Also, Mr. John Burzynski, Chairman of the Board of Directors of O3 Mining, serves as Executive Chairman, CEO, and Director of Osisko Mining, Mr. José Vizquerra, President and CEO of O3 Mining, serves as a Director of Osisko Mining and Mr. Blair Zaritsky, CFO of O3 Mining, serves as CFO of Osisko Mining. Accounts payable and accrued liabilities to Osisko Mining as at June 30, 2022 were \$57,000.

The following table summarizes remuneration attributable to key management personnel for the three and six-month periods ended June 30, 2022 and 2021:

For the period ended	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Salaries expense of key management	\$ 160	\$ 156	\$ 320	\$ 313
Directors' fees	134	132	268	252
Stock-based compensation	153	312	617	584
Total	\$ 447	\$ 600	\$ 1,205	\$ 1,149

12) Commitments

The Corporation has the following exploration commitments as at June 30, 2022:

	Total	2022	2023	2024	2025
Equipment leases	\$ 262	\$ 79	\$ 137	\$ 38	\$ 8
Total	\$ 262	\$ 79	\$ 137	\$ 38	\$ 8

As at June 30, 2022, the Corporation has the following flow-through funds to be spent by December 31, 2022:

Closing date of financing	Province	Remaining flow-through funds
February 25, 2021	Québec	\$ 2,075
Total		\$ 2,075

The Corporation is subject to Part XII.6 taxes on any unspent flow-through expenditures after February 1, 2022.

13) Subsequent events

On July 22, 2022, O3 Mining announced that it has sold 6,492,200 common shares of Osisko Metals Incorporated to Osisko Mining for gross proceeds of \$2,045,043.

On August 2, 2022, O3 Mining announced it has entered into: (i) a "best efforts" private placement of an aggregate of 3,436,430 charitable flow-through shares of the Corporation at a price of \$2.91 per charitable flow-through share for aggregate gross proceeds of approximately \$10,000,000; and (ii) a "best efforts" private placement of an aggregate of 1,300,000 traditional flow-through shares of the Corporation at a price of \$2.31 per traditional flow-through share for aggregate gross proceeds of approximately \$3,000,000.

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Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2022 and 2021

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)

13) Subsequent events (continued)

In addition, the Corporation will grant an option to sell up to an additional 515,465 charitable flow-through shares at \$2.91 per charitable flow-through share for additional gross proceeds of up to approximately \$1,500,000.

The Corporation is also arranging a concurrent non-brokered private placement of traditional flow-through shares with strategic investors at a price of \$2.31 per traditional flow-through share for aggregate gross proceeds of approximately \$5,000,000.