

# **BARRANCO GOLD MINING CORP.**

## Unaudited Condensed Interim Financial Statements

For the Period from Incorporation on April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

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**STONE CONSULTING (2012) LTD.**

302- 3701 Hastings Street

Burnaby BC V5C 2H6

Tel: 604-294-1198

**NOTICE TO READER**

On the basis of information provided by management, we have compiled the Unaudited Condensed Interim Statement of Financial Position of Barranco Gold Mining Corp. as at October 31, 2020 and the Statements of Loss and Comprehensive Loss, Changes in Shareholder Equity and Cash Flows for the year then ended. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. We express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

*Stone Consulting (2012) Ltd.*

Burnaby, BC  
May 4, 2021

Stone Consulting (2012) Ltd.  
Accountants

## **STONE CONSULTING (2012) LTD.**

302- 3701 Hastings Street

Burnaby BC V5C 2H6

Tel: 604-294-1198

### **MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of Barranco Gold Corp. [the "Company"] are the responsibility of the management and Board of Directors of the Company. The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Reno Calabrigo  
Director

North Vancouver, BC  
May 4, 2021

### **NOTICE TO READER**

The accompanying unaudited condensed interim financial statements are the responsibility of management. The unaudited condensed interim financial statements for the period from incorporation on April 28, 2020 to March 31, 2021 have not been reviewed by the Company's auditors.

**STONE CONSULTING (2012) LTD.**

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**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

Interim Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

**Financial Position**

(Expressed in Canadian dollars)

	<b>March 31, 2021 \$</b>
<b>Assets</b>	
Current	
Cash & cash equivalents	5,887
GST receivable	284
	6,171
Non-current	
Exploration and evaluation asset (Note 3l)	177,594
<b>Total Assets</b>	<b>183,765</b>
<b>Liabilities and Shareholders' Equity</b>	
<b>Current Liabilities:</b>	
Accrued liabilities	-
<b>Shareholders' Equity:</b>	
Capital stock (Note 5)	51,471
Shares to be issued	226,583
Deficit	(94,289)
	183,765
<b>Total Liabilities and Shareholders' Equity</b>	<b>183,765</b>

**Nature and Continuance of Operations (Note 1) Commitment (Note 4) Subsequent Event (Note 10)****Approved and authorized for issue by the Board of Directors on May 4, 2021:*****"Reno Calabrigo"***Reno Calabrigo, Director

The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

**Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

		<b>From Incorporation Date on April 28, 2020 to March 31, 2021</b>
<b>Expenses</b>	\$	
Bank charges		258
Consulting fees		78,396
Legal and accounting fees		2,000
Management fees		12,000
Meals & entertainment		1,235
Travel		400
<b>Net loss and total comprehensive loss for the period</b>		<b>94,289</b>
<b>Basic and diluted loss per common share</b>	\$	0.13
<b>Weighted average number of common shares outstanding</b>		<b>715,716</b>

The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

**Changes in Shareholders' Equity**

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

(Expressed in Canadian dollars except the number of shares)

	<b>Number of Outstanding Shares</b>	<b>Share Capital</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
		\$	\$	\$	\$
<b>Share issued for cash on incorporation, April 28, 2020 Note (5)</b>	1	1	-	-	1
<b>Cancellation of incorporator share on February 16, 2021</b>	(1)	(1)			(1)
<b>Shares issued, February 16, 2021</b>	5,147,058	51,471			51,471
<b>Shares to be issued</b>		226,583	-	-	226,583
<b>Net loss and comprehensive loss for the period</b>				(94,289)	(94,289)
<b>Balance, March 31, 2021</b>	5,147,058	278,054	-	(94,289)	183,765

The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

**Cash Flows**

(Expressed in Canadian dollars)

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

		From Incorporation Date on April 28, 2020 to March 31, 2021	
<b>Cash (used in) /provided by:</b>			
<b>Operating activities</b>			
Net loss for the period	\$		(94,289)
Change in non-cash working capital components			
GST receivable			(284)
Net cash provided by (used in) operating activities			<b>(94,573)</b>
<b>Financing activities</b>			
Shares to be issued			226,583
Share issuance on incorporation			51,471
Net cash provided by financing activities			<b>278,054</b>
<b>Investing activities</b>			
Expenditure on exploration and evaluation asset			(177,594)
Net cash used in investing activities			<b>(177,594)</b>
<b>Cash, beginning of the period</b>			-
<b>Cash, end of the period</b>	\$		<b>5,887</b>
Cash paid during the period for interest expense	\$		-
Cash paid during the period for income taxes	\$		-

The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements.

**1. NATURE AND CONTINUANCE OF OPERATIONS**



## **BARRANCO GOLD MINING CORP.**

### **(an exploration stage enterprise)**

#### Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

Barranco Gold Mining Corp. (the “Company”) is an exploration stage company engaged in locating, acquiring and exporting for gold in Canada. The company was incorporated pursuant to the laws of British Columbia on April 28, 2020.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

## **2. BASIS OF PRESENTATION**

The Company was incorporated on April 28, 2020. These unaudited condensed interim financial statements are prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional and reporting currency. These unaudited condensed interim financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

- a. Significant accounting judgments and estimates

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

## Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

The preparation of these unaudited condensed interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The unaudited condensed interim financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include valuation of share-based transactions and provision for deferred income tax.

Judgments made by management that have the most significant effect on the unaudited condensed interim financial statements are discussed in Notes 3d), 3e), 3f) and 3i).

**b. Cash and cash equivalents**

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at March 31, 2021, there is \$5,887 included as cash equivalents

**c. Shared-based payments**

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****d. Deferred income taxes**

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

## Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

e. Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial instruments at fair value through profit or loss (FVTPL).

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any impairment.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BARRANCO GOLD MINING CORP.**

**(an exploration stage enterprise)**

Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

e. Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any other financial asset categories. Subsequent to initial recognition, changes in fair value, other than impairment losses, are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable, accrued liabilities and due to related parties are classified as financial liabilities.

Transaction costs incurred on initial recognition of financial instruments classified as loans and receivables and other financial liabilities are included in the initial fair value amount.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire.

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalents	FVTPL
Note receivable	Loans and receivable
Accounts payable	Other liabilities
Accrued liabilities	Other liabilities
Loan payable	Other liabilities

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

e. Financial instruments (continued)

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

## Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## f. Impairment

## i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

## f. Impairment (continued)

**BARRANCO GOLD MINING CORP.**

**(an exploration stage enterprise)**

Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

g. Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

h. Earnings (loss) per share

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

## Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

## i. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- j. Accounting standards, interpretations and amendments to existing standards that have been recently adopted and that are not yet effective

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

## Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after September 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The following have been recently adopted, are not yet effective and are being evaluated to determine their impact on the Company.

The IASB has issued IFRS 9 - Financial Instruments ("IFRS 9") which intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its financial statements based on the characteristics of its financial instruments at the time of adoption.

The IASB issued IFRIC 21 - Levies ("IFRIC 21"), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company has determined that the adoption of this standard has no significant impact to its financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

k. Restoration, rehabilitation and environmental obligations



## **BARRANCO GOLD MINING CORP.**

### **(an exploration stage enterprise)**

#### Financial Statements

For the period from the date of corporation April 28, 2020 to March 31, 2021

(Expressed in Canadian dollars)

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying account of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs to date.

#### I. Exploration and evaluation asset

The acquisitions of mineral property interests are initially measured at cost. Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalized until the property to which they relate is placed into production, sold or allowed to lapse.

Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are capitalized as incurred. Re-imbursement of previously expensed exploration and evaluation costs reduce previously capitalized costs.

Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when impairment of value has been determined to have occurred.

## **4. COMMITMENT**

In April 2020, the Company entered into the Option Agreement with the Optioner pursuant to which the company can earn a 100% interest in the King Property by making cash payments to the Optioner totalling \$77,000 as follows: \$27,000 on execution of the Option Agreement \$50,000 on

## **BARRANCO GOLD MINING CORP.**

### **(an exploration stage enterprise)**

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March 10, 2021. The Company has fulfilled its commitment to spend an aggregate of \$112,000 on the King Property before March 31, 2021. Upon the Company earning its 100% interest in the King Property, the King Property shall become subject to a 1.5% NSR, which may be purchased at any time for \$1,500,000.

## **5. CAPITAL STOCK**

- a. Authorized: unlimited Common shares without par value
- b. Issued and Outstanding:

	<b>Number of Shares</b>	<b>Amount (\$)</b>
Common shares issued for cash	5,147,058	51,471
<b>Balance as at March 31, 2021</b>	<b>5,147,058</b>	<b>51,471</b>

One incorporator share at \$1 was cancelled on February 16, 2021. On February 16, 2021 the company issued 5,147,058 common shares for cash at \$0.01 per share for a total value of \$51,471.

### Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. As at and during the period ended March 31, 2021, no option was granted or outstanding.

## **6. CAPITAL DISCLOSURES**

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

## Financial Statements

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(Expressed in Canadian dollars)

Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to acquire, explore and develop mineral properties. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

**7. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and accrued liabilities. Cash is stated at fair value and classified within Level 1 of the fair value hierarchy. The fair values of accrued liabilities approximate their carrying values due to their short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to acquire, explore and develop mineral properties. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

The Company's credit risk was primarily attributable to bank balances. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions.

**7. FINANCIAL INSTRUMENTS (continued)**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had cash balance of \$4,043 and current liabilities of \$2,100. All of the Company's financial liabilities have contractual

**BARRANCO GOLD MINING CORP.****(an exploration stage enterprise)**

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maturities of less than 30 days, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

**8. RELATED PARTY TRANSACTIONS**

As at March 31, 2021, the Company had no related party transaction other than the \$1 cash received from the founder as a result of the incorporator share issued and the issuance of 5,147,058 shares to the founder at \$0.01 per share for a total cash payment of \$51,471.

These transactions above are in the normal course of operations and are measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

**9. SEGMENTED INFORMATION**

During the period ended March 31, 2021, the Company had one reportable operating segment, being a gold exploration company.

**10. SUBSEQUENT EVENT**

There have been no significant events subsequent to the period ended March 31, 2021.