

---

**ALPHA EXPLORATION LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 and 2021**

(Expressed in US Dollars, except where Indicated)  
(Unaudited)

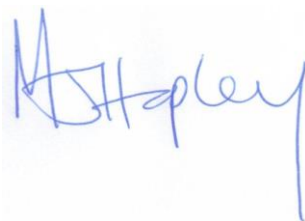
---

**ALPHA EXPLORATION LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in US dollars)  
(Unaudited)

	Note	March 31, 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
CURRENT			
Cash		454,540	894,808
Other receivables and prepayments		20,210	51,881
		474,750	946,689
Equipment	4	220,118	234,836
Exploration and evaluation assets	5	8,445,789	7,381,258
<b>Total assets</b>		<b>9,140,657</b>	<b>8,562,783</b>
<b>LIABILITIES</b>			
CURRENT			
Accounts payables and accrued liabilities	6	996,457	778,736
LONG-TERM			
Warrants liability	7	481,880	481,880
		1,478,337	1,260,616
<b>EQUITY</b>			
SHARE CAPITAL	7	9,331,292	9,331,292
CONTRIBUTED SURPLUS		1,393,605	929,989
DEFICIT		(3,062,577)	(2,959,114)
		7,662,320	7,302,167
<b>Total liabilities and shareholder's equity</b>		<b>9,140,657</b>	<b>8,562,783</b>

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

Approved and authorized for issue on behalf of the Board of Directors on June 06, 2022



Director



Director

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

**ALPHA EXPLORATION LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021**

(Expressed in US dollars)

(Unaudited)

	Note	THREE MONTHS ENDED MARCH 31, 2022	THREE MONTHS ENDED MARCH 31, 2021
		\$	\$
<b>EXPENSES</b>			
Professional fees		35,399	45,009
Salaries		34,829	-
Director's fee		4,998	-
Office expenses		720	979
General and administrative expenses		43,463	57,222
Finance cost		2,201	4,220
Foreign exchange (gain)/loss		(2,499)	856
Share-based compensation		71,520	-
<b>TOTAL EXPENSES</b>		<b>(190,631)</b>	<b>(108,286)</b>
Other income		87,168	-
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>(103,463)</b>	<b>(108,286)</b>
<b>LOSS PER SHARE – Basic and diluted</b>		<b>0.00</b>	<b>0.00</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>		<b>54,227,095</b>	<b>65,530,084</b>

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

**ALPHA EXPLORATION LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in US dollars)  
(Unaudited)

	Common Shares		Preference Shares		Contributed Surplus	Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount			
		\$		\$		\$	\$
<b>Balance – December 31, 2020</b>	64,147,109	5,926,406	-	-	1,251,577	(2,183,377)	4,994,606
Shares issued for cash	2,007,544	1,438,205	-	-	-	-	1,438,205
Net loss for the period	-	-	-	-	-	(108,286)	(108,286)
<b>Balance – March 31, 2021</b>	66,154,653	7,364,611	-	-	1,251,577	(2,291,663)	6,324,525
<b>Balance – December 31, 2021</b>	53,927,019	1,199,691	15,286,159	8,131,601	929,989	(2,959,114)	7,328,053
Share-based compensation	-	-	-	-	463,616	-	463,616
Net loss for the period	-	-	-	-	-	(103,463)	(103,463)
<b>Balance – March 31, 2022</b>	53,927,019	1,199,691	15,286,159	8,131,601	1,393,605	(3,062,577)	7,662,320

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

**ALPHA EXPLORATION LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in US dollars)  
(Unaudited)

	<b>Three Months Ended March 31, 2022</b>	<b>Three Months Ended March 31, 2021</b>
	\$	\$
<b>CASH PROVIDED BY/(USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(103,463)	(108,286)
Share Based Compensation	71,520	-
Net changes in non-cash working capital balances:		
Other receivables and prepayments	31,671	(7,451)
Accounts payable and accrued liabilities	217,721	(591,111)
Fair value adjustment on warrant liability	89,663	-
Cash used in operating activities	307,112	(706,848)
<b>INVESTING ACTIVITIES</b>		
Net expenditures on exploration and evaluation asset expenditures	(742,967)	(715,820)
Purchase of equipment	(4,413)	(92,887)
Cash used in investing activities	(747,380)	(808,707)
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash	-	1,438,205
Cash received from financing activities	-	1,438,205
CHANGE IN CASH	(440,268)	(77,350)
CASH, BEGINNING OF PERIOD	894,808	1,891,681
CASH, END OF PERIOD	454,540	1,814,331

Supplemental Cash Flow Information (Note 11)

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

---

**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in US dollars, except where indicated)

(Unaudited)

---

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Alpha was incorporated under the *BVI Business Companies Act*, (No. 16 of 2004) (the “**BVI Act**”) on December 6, 2011 under the name “Alpha Exploration Ltd.” with business registration number 1684187. Alpha’s head and registered office is located at 3rd Floor, Omar Hodge Building, Wickhams Cay 1, P.O. Box 362, Road Town, Tortola, British Virgin Islands. Alpha has one subsidiary, Alpha Exploration Eritrea Limited, an Eritrean corporation incorporated on March 13, 2018 under the laws of Eritrea (“**Alpha Eritrea**”). Alpha Eritrea currently holds the rights to the Kerkasha Project (as defined below), Alpha’s main exploration property located in Eritrea.

Alpha is a mineral exploration and development company engaged in the business of acquisition, exploration and, if warranted, development of mineral resource properties. Its objective is to locate, define and ultimately develop economic mineral deposits. Alpha’s currently acquires its properties through negotiating with holders of concessions, claims or mineral licenses and enters into acquisition, option agreements or memorandums of understanding to acquire interests in the properties. Alpha then explores for minerals on properties through surface sampling, airborne and/or ground geophysical surveys and drilling. Alpha’s primary focus to date has been the Kerkasha project located in Eritrea, 10 km south of the city of Barentu and 135 km west-southwest of Asmara, the capital city of Eritrea (the “**Kerkasha Project**”). Alpha currently has 100% ownership of the Kerkasha Project through its wholly owned subsidiary, Alpha Eritrea .

The Company had a deficit of \$3,062,577 at March 31, 2022 (December 31, 2021 - \$2,959,114), and net working capital deficit of \$521,707 (December 31, 2021, surplus \$167,953) which have been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing sufficient to cover its operating costs.

These unaudited condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these unaudited condensed interim consolidated financial statements. Management has carried out an assessment of the going concern assumption and has concluded that the Company may not have sufficient cash and cash equivalents and other financial assets to continue operating at current levels for the ensuing twelve months.

The Company’s forecast indicates the existence of material uncertainty that raises significant doubt about the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to raise additional equity.

**2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), has issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IFRS has been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended December 31, 2021.

**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in US dollars, except where indicated)  
(Unaudited)****2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)**

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit and loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting. The accounting policies set out in Note 3 have been applied consistently by the Corporation during the periods presented.

The Company's condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, and are presented in US dollars except where otherwise indicated.

Where fair value is used to measure assets and liabilities in preparing these condensed interim consolidated financial statements, it is estimated at the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair values are determined from inputs that are classified within the fair value hierarchy defined under IFRS as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Inputs for the asset or liability that are unobservable

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Company's accounting policies are the same as those applied in the Company's annual consolidated financial statements for the year ended December 31, 2021. These condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements for the year ended December 31, 2021. These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned Eritrean subsidiary, Alpha Exploration Eritrea Ltd ("Alpha Eritrea Ltd."). Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statement.

**4. EQUIPMENT**

	<b>Camp equipment</b>	<b>Pump and generators</b>	<b>Computer and office equipment</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance, December 31, 2021	158,839	20,820	46,993	21,158	132,418	380,228
Additions	3,502	-	911	-	-	4,413
Balance, March 31, 2022	162,341	20,820	47,904	21,158	132,418	384,641



**ALPHA EXPLORATION LTD.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
 (Expressed in US dollars, except where indicated)  
 (Unaudited)

## 4. EQUIPMENT (CONTINUED)

	Camp equipment	Pump and generators	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
<b>Accumulated Depreciation</b>						
Balance, December 31, 2021	63,575	6,847	23,781	5,698	45,507	145,392
Additions	8,959	644	2,378	529	6,621	19,131
Balance, March 31, 2022	72,534	7,491	26,159	6,227	52,112	164,523
<b>Carrying Amounts</b>						
Balance, December 31, 2021	95,264	13,973	23,212	15,460	86,911	234,836
Balance, March 31, 2022	89,807	13,329	21,745	14,931	80,306	220,118

## 5. EXPLORATION AND EVALUATION ASSET

On January 10, 2018, Alpha Eritrea entered into an exploration agreement with Minister of Energy and Mines (State of Eritrea) pursuant to the Eritrean Mining Proclamation to explore for mineral resources within a defined area (the "Kerkasha area") other than construction material, mineral water and geothermal deposits. The maximum size of the agreement area was 973 km<sup>2</sup>. On September 13, 2018, the agreement area was extended by 55km<sup>2</sup>, a total of 1,028km<sup>2</sup>. Alpha Eritrea paid \$185 in exploration license issuing fees to acquire the license, recorded as exploration and evaluation asset.

Alpha Eritrea obtains the exclusive right to conduct exploration operations in the agreement area and that Alpha Eritrea shall bear the sole risk and cost of exploration operations.

On December 20, 2017, Alpha signed a tenement farm-out agreement with the Eritrean National Mining Corporation ("ENAMCO") governing the terms of ENAMCO's participation in the Kerkasha Project (the "ENAMCO Agreement"). Pursuant to the ENAMCO Agreement, the Eritrean government (through ENAMCO) has the right to a 10% free-carried interest in any mining project developed on the Kerkasha Project area. The Eritrean government also has the right to purchase a further 30% equity 'participating interest' in the Kerkasha Project at any time from commencement of exploration to three months after completion of a bankable feasibility study relating to the Kerkasha Project. To purchase this participating interest, ENAMCO must pay the equivalent percentage cost of exploration up to the point of acquiring their participating interest (as determined by an independent auditor) and will thereafter contribute the same participating interest percentage in all exploration and development expenditures on the Kerkasha Project going forward. ENAMCO and Alpha will form a share company in accordance with the Commercial Code of Eritrea after ENAMCO has exercised its right of participation.

**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in US dollars, except where indicated)  
(Unaudited)****5. EXPLORATION AND EVALUATION ASSET (CONTINUED)**

The Alpha portion of the Kerkasha Project is subject to a 2% net smelter royalty in favour of Nubian Royalty Corporation, a corporation incorporated under the BVI Act and wholly owned by insiders of Alpha (the "Nubian Royalty"). If at any time Nubian Royalty Corporation receives an offer from a third party to purchase the Nubian Royalty or any portion thereof, Alpha has a right to match any such third party offer.

Exploration and evaluation expenditures for the three months ended March 31, 2022 and twelve months ended December 31, 2021 were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Opening balance	7,381,258	4,323,826
Exploration costs:		
Drilling	228,596	376,304
Assays	61,043	298,483
Surveys	-	19,542
Technical services	59,673	461,956
Exploration licenses and fees	185	12,267
Labour cost	195,287	792,800
Share based compensation (Note 7)	392,096	464,674
Consultancy charges	-	101,843
Consumable spare parts and supplies	54,751	209,165
Other direct expenses	53,769	255,914
Depreciation expenses	19,131	64,484
Sub total	1,064,531	3,057,432
Ending balance	8,445,789	7,381,258

**6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Trade and other payables	546,684	407,755
Amount due to related parties (Note 8)	128,787	277,096
Other accruals	320,986	93,885
Total	996,457	778,736

---

**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021**

(Expressed in US dollars, except where indicated)

(Unaudited)

---

**7. SHARE CAPITAL****a) Authorized**

The Company is authorized to issue an unlimited number of common shares without par value.

**b) Issued and Outstanding common shares as at March 31, 2022**

On January 21, 2021, the Company completed a private placement of 2,007,544 units at CAD\$0.90 per share per unit for gross proceeds of CAD\$1,806,789 pursuant to the second tranche of the private placement. Each unit consists of one common share and one half of one common share purchase warrant exercisable at CAD\$1.35 per common share until January 21, 2023. Gross proceeds of \$1,143,200 were allocated to common shares and \$202,652 to the warrants.

On May 12, 2021, the Company issued to its Technical Director, Mr. Alasdair Smith, 299,643 common shares for CAD\$0.001. These shares were valued at CAD\$0.65 per share, which is assessed by the Company to be the fair value per share of the shares issued based on the subsequent issue of Subscription Receipts.

On June 11, 2021, the Company closed a private placement of 2,620,938 subscription receipts ("Subscription Receipts") at a price of CAD\$0.65 per Subscription Receipt, for total gross proceeds of CAD\$1,703,609. The proceeds from issuance were recorded as cash held in trust, as the cash was held in escrow, until the listing transaction was successfully completed on November 1, 2021. Each Subscription Receipt entitles the holder to receive one common share in the Company without payment of additional consideration upon successful completion of the listing transaction.

On June 11, 2021, the Company issued 137,944 common shares following the exercise of 137,944 performance warrants. As a result, \$72,357 to share capital representing fair value of the warrants on the date of the exercise.

On June 21, 2021, 7,977,246 common shares held by Alpha's majority shareholder, Alpha Discovery Holdings Ltd., have been exchanged for non-voting preferred shares. The preferred shareholders are not entitled to receive dividends.

On September 14, 2021 the Company converted a further 7,308,913 ordinary shares held by insiders, to non-voting preferred shares. In total, 15,286,159 ordinary shares were converted to non-voting preferred shares. The preferred shareholders are not entitled to receive dividends. As a result of the transaction \$809,827 was transferred to contributed surplus.

**ALPHA EXPLORATION LTD.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in US dollars, except where indicated)  
(Unaudited)

**7. SHARE CAPITAL (CONTINUED)**Warrants and Performance Warrants

A summary of the Company's outstanding warrants at three months ended March 31, 2022 and December 31, 2021, and the changes for the periods then ended is presented below:

	Number of warrants	Weighted average exercise price CAD\$	Weighted average life (Years)
<b>Warrants</b>			
Exercisable and outstanding, December 31, 2021	2,846,606	1.35	0.78
Granted	-	-	-
Exercisable and outstanding, March 31, 2022	2,846,606	1.35	0.76
<b>Performance Warrants</b>			
	Number of warrants	Weighted average exercise price (per share) CAD\$	Weighted average life (Years)
Exercisable and outstanding, December 31, 2021	6,862,056	0.032	9.37
Issued – Performance Warrants	-	-	-
Exercisable and outstanding, March 31, 2022	6,862,056	0.032	9.12

The following table summarizes the outstanding and exercisable warrants and performance warrants as at March 31, 2022:

Exercise price	Number of warrants	Expiry date	Weighted average life (Years)
CAD\$1.35	1,842,834	December 20, 2022	0.73
CAD\$1.35	1,003,772	January 21, 2023	0.83
CAD\$0.001	2,571,000*	May 12, 2031	9.12
CAD\$0.05	4,429,000*	May 12, 2031	9.12

\* Performance Warrants

The Performance Warrants are exercisable as follows: (i) 2,571,000 at CAD\$0.001 per warrant for a period of 10 years from the date of issue and (ii) 4,429,000 at CAD\$0.05 per warrant for a period of 10 years from the date of issue. Vesting of the Performance Warrants shall occur on each date immediately following the first day which the Company closes a Qualifying Issue, Performance Warrants shall vest at a number that is equal to five percent (5%) of the number of Shares issued pursuant to such Qualifying issue. The fair value of Performance Warrants on the date of grant was determined using the Black-Scholes Option pricing Model and a probability weighting using the following weighted average assumptions:

**ALPHA EXPLORATION LTD.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
 (Expressed in US dollars, except where indicated)  
 (Unaudited)

## 7. SHARE CAPITAL (CONTINUED)

	March 31, 2022	December 31, 2021
Exercise price	CAD\$0.032	CAD\$0.032
Share price	CAD\$0.65	CAD\$0.65
Expected life	2.6 years	2.6 years
Expected volatility*	114%	114%
Expected probability of occurrence of Qualifying Issue	53%	53%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The weighted average fair value of the Performance Warrants at the date of grant was CAD\$0.65 (\$0.52 USD equivalent) per share.

\* Expected volatility is based on historic volatility of comparable public companies' share prices.

Options

On March 8, 2022, the Company granted 100,000 share options to a director with each option exercisable at CAD\$0.66 per share option for a period of five years from the date of grant.

<b>Options</b>	<b>Number of options</b>	<b>Weighted average exercise price (per option) CAD\$</b>	<b>Weighted average life (Years)</b>
Outstanding, December 31, 2021	650,000	0.75	4.70
Exercisable, December 31, 2021	400,000	0.71	4.62
Issued	100,000	0.66	5
Outstanding, March 31, 2022	750,000	0.74	4.73
Exercisable, March 31, 2022	400,000	0.74	4.53

The following table summarizes the outstanding and exercisable options as at March 31, 2022:

<b>Exercise price</b>	<b>Number of options</b>	<b>Expiry date</b>	<b>Weighted average life (Years)</b>
CAD\$1.35	50,000	Nov 1, 2023	1.59
CAD\$0.64	450,000	Dec 6, 2026	4.7
CAD\$0.90	150,000	Dec 6, 2026	4.7
CAD\$0.66	100,000	Mar 8, 2027	4.94

**ALPHA EXPLORATION LTD.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in US dollars, except where indicated)  
(Unaudited)

**7. SHARE CAPITAL (CONTINUED)**

The fair value of options on the date of grant was determined using the Black-Scholes Option pricing Model using the following weighted average assumptions:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Share price	CAD\$0.74	CAD\$0.79
Risk free interest rate	0.92%	0.91%
Expected life	4.73 years	4.69 years
Expected volatility	134%	133%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The weighted average fair value of the Options at the date of grant was CAD\$0.74 per share.

**8. RELATED PARTY BALANCES AND TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the three months ended March 31, 2022 and twelve months ended December 31 2021, the related party balances were as follows. The amounts noted below are included in the Company's accounts payable and loan from related party balances.

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Hemera Capital Management, Cayman – common owner	-	50,000
Colonnade Mining Group Eritrea Ltd, Eritrea – common owner	20,704	121,654
Frontier Equipment Supplies DMCC, UAE – common owner	11,040	11,040
Alpha Discovery Holding, BVI – common owner	80,265	80,265
Alasdair Smith - CEO of Alpha Exploration Eritrea Ltd.	16,778	14,137
<b>Total</b>	<b>128,787</b>	<b>277,096</b>

**ALPHA EXPLORATION LTD.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in US dollars, except where indicated)  
(Unaudited)

**8. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)**

During the three months ended March 31, 2022 and 2021, the related party transactions were as follows.

	Three months ended March 31, 2022	Three months ended March 31, 2021
	\$	\$
Colonnade Mining Group Eritrea Ltd, Eritrea – drilling services	228,596	155,846
Colonnade Mining Group Eritrea Ltd, Eritrea – cash loan granted	-	1,000
Colonnade Mining Group Eritrea Ltd, Eritrea – cash loan repayment	-	1,000
Hemera Capital Management, Cayman – advisory fees	6,000	25,000

**Compensation of key management personnel**

Key management includes members of the Board of Directors and the Chief Executive Officer. The aggregate compensation paid, or payable, to key management personnel during the three months ended March 31, 2022 and 2021 were as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021
	\$	\$
Salaries	68,456	39,000
Benefits	18,600	18,600
Total	87,056	57,600

Note: Salaries and benefits of Mr. Alasdair Smith, which form part of salaries and benefits noted above, are capitalized to the exploration and evaluation assets in Alpha Eritrea Ltd.

**9. MANAGEMENT OF CAPITAL**

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

**9. MANAGEMENT OF CAPITAL (CONTINUED)**

---

**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in US dollars, except where indicated)  
(Unaudited)**

---

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject. There have been no changes to the Company's approach to capital management during the year ended December 31, 2021.

**10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

IFRS 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Fair Value of Financial Instruments**

The Company's financial instruments include cash, other receivables, accounts payable, warrant liability and loans are recorded at fair value. The carrying value of these financial instruments approximates their fair values due to the relatively short periods of maturity of these instruments, with accounts payable being due on normal commercial terms.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at March 31, 2022 and December 31, 2021 are as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Level 1 - Financial Assets – Cash	454,540	894,808
Level 3 - Financial Liabilities -Warrant Liability	481,880	481,880

**Financial risk management objectives and policies**

The risks associated with the Company's financial instruments and the policies on how the Company mitigates these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**(i) Currency risk**

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is gold and other mineral exploration whose costs are primarily incurred in US dollars.

**10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)**



---

**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in US dollars, except where indicated)

(Unaudited)

---

*(i) Currency risk (continued)*

The Company's expenses are primarily denominated in US dollars. The Company's corporate office is based in British Virgin Islands and current exposure to exchange rate fluctuations is minimal.

*(ii) Interest rate risk*

Interest risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations. Management believes that the Company is not exposed a significant amount of interest rate risk.

*(iii) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high-quality financial institution, accordingly, the credit risk is considered by Management to be negligible.

*(iv) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to pay its financial liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities, loan repayments and related party balance obligations. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

**11. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
<i>Non-cash transactions</i>		
Share-based compensation included in exploration and evaluation assets	392,096	-
<hr/>		

**12. SEGMENTAL INFORMATION**

**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in US dollars, except where indicated)

(Unaudited)

The Company's operations are limited to a single industry segment, being mineral exploration and development. Geographic segment information of the Company's assets and liabilities as at March 31, 2022 and December 31, 2021 is as follows:

<b>Identifiable assets</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
British Virgin Islands	1,434,326	1,606,451
Eritrea	7,706,331	6,956,332
Total assets	9,140,657	8,562,783

<b>Identifiable liabilities</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
British Virgin Islands	1,030,286	904,250
Eritrea	448,051	356,367
Total liabilities	1,478,337	1,260,617

Geographic segmentation of the Company's net earnings (loss) for the three months ended March 31, 2022 and 2021 is as follows:

	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
British Virgin Islands	(68,575)	(51,510)
Eritrea	(34,888)	(56,776)
Net loss	(103,463)	(108,286)

**13. INCOME TAXES**

There are no corporate income taxes in the British Virgin Islands and mining companies in Eritrea are subject to a corporate tax rate of 38%. Non-capital losses are generally carried forward for 5 years. The Company has tax non-capital losses of approximately \$373,000 for Eritrean tax purposes which expire from 2026 – 2027. The deferred tax asset related to these losses has not been recognized. In addition, the Company has no other significant tax temporary differences that give rise to deferred tax assets or liabilities.

**14. SUBSEQUENT EVENT**

On April 13, 2022, the Company issued 1,868,500 units at CAD\$0.75 per unit for gross proceeds of CAD\$1,401,375 pursuant to private placement. Each unit consists of one common share and one half of one share purchase warrant exercisable at \$1.125 per common share for a period of 18 months. In connection with the private placement, Alpha paid a cash finder's fee payment equal to 6% on a proportion of the units issued.