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**ALPHA EXPLORATION LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022  
AND 2021**

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

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management and have been approved by the Audit Committee and the Board of Directors.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

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

	Note	September 30, 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		961,519	894,808
Other receivables and prepayments		19,154	51,881
		980,673	946,689
<b>Non-current assets</b>			
Equipment	4	187,803	234,836
Exploration and evaluation assets	5	9,564,722	7,381,258
<b>Total assets</b>		<b>10,733,198</b>	<b>8,562,783</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	602,342	778,736
<b>Long-term liabilities</b>			
Warrants liability	7	274,193	481,880
		876,535	1,260,616
<b>EQUITY</b>			
Share capital	8	11,453,495	9,331,292
Contributed surplus		1,454,749	929,989
Deficit		(3,051,581)	(2,959,114)
		9,856,663	7,302,167
<b>Total liabilities and shareholder's equity</b>		<b>10,733,198</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 November 29, 2022

/s/ Michael Hopley

Director

/s/ Chris Van Der Westhuyzen

Director

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

**ALPHA EXPLORATION LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

(Expressed in US dollars)

(Unaudited)

	Note	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>EXPENSES</b>					
Professional fees		39,912	105,573	155,728	212,089
Salaries		29,535	60,772	98,092	60,772
Directors' fees		5,002	-	14,998	-
Office expenses		116	657	1,652	1,693
General and administrative Expenses (recovery)		38,995	(29,599)	164,479	95,842
Finance cost		1,974	1,194	6,501	7,297
Share based compensation		(46,379)	-	96,775	568
<b>TOTAL EXPENSES</b>		<b>(69,155)</b>	<b>(138,597)</b>	<b>(538,225)</b>	<b>(378,261)</b>
<b>OTHER ITEMS</b>					
Fair value adjustment on warrant liability		105,609	-	431,343	-
Foreign exchange gain / (loss)		(53,039)	25,435	(72,753)	24,579
Other Income		-	-	87,168	-
<b>NET AND COMPREHENSIVE LOSS</b>		<b>(16,585)</b>	<b>(113,162)</b>	<b>(92,467)</b>	<b>(353,682)</b>
<b>LOSS PER SHARE – Basic and diluted</b>					
		<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>					
		<b>56,247,025</b>	<b>61,395,028</b>	<b>55,242,710</b>	<b>62,091,906</b>

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

**ALPHA EXPLORATION LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

(Expressed in US dollars)

(Unaudited)

	Common Shares		Preference Shares		Contributed Surplus	Subscription receipts issued	Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount				
		\$		\$	\$	\$	\$	\$
<b>Balance – December 31, 2020</b>	64,147,109	5,926,406	-	-	1,620,468	-	(2,183,377)	5,363,497
Shares issued for cash, net	2,007,544	1,430,244	-	-	-	-	-	1,430,244
Allocation of unit proceeds to warrants	-	(195,894)	-	-	-	-	-	(195,894)
Equalization shares issued	299,643	161,018	-	-	-	-	-	161,018
Preference shares issued in lieu of common shares	(15,286,159)	(7,321,774)	15,286,159	8,131,601	(809,827)	-	-	-
Subscription receipts issued	-	-	-	-	-	1,345,852	-	1,345,852
Share-based compensation	-	-	-	-	340,491	-	-	340,491
Net loss for the period	-	-	-	-	-	-	(353,682)	(353,682)
<b>Balance – September 30, 2021</b>	51,168,137	-	15,286,159	8,131,601	1,151,132	1,345,852	(2,537,059)	8,091,526
Shares issued for cash, net	2,620,938	1,134,092	-	-	-	(1,345,852)	-	(211,760)
Allocation of unit proceeds to warrants	-	(6,758)	-	-	-	-	-	(6,758)
Warrants Exercised	137,944	72,357	-	-	(72,357)	-	-	-
Share-based compensation	-	-	-	-	220,105	-	-	220,105
Re-cast of prior year	-	-	-	-	(368,891)	-	-	(368,891)
Net loss for the period	-	-	-	-	-	-	(422,055)	(422,055)
<b>Balance – December 31, 2021</b>	53,927,019	1,199,691	15,286,159	8,131,601	929,989	-	(2,959,114)	7,302,167
Shares issued for cash, net	4,311,942	2,345,859	-	-	-	-	-	2,345,859
Allocation of unit proceeds to warrants	-	(223,656)	-	-	-	-	-	(223,656)
Share-based compensation	-	-	-	-	524,760	-	-	524,760
Net loss for the period	-	-	-	-	-	-	(92,467)	(92,467)
<b>Balance – September 30, 2022</b>	58,238,961	3,321,894	15,286,159	8,131,601	1,454,749	-	(3,051,581)	9,856,663

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

**ALPHA EXPLORATION LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**  
(Expressed in US dollars)  
(Unaudited)

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>CASH PROVIDED BY/(USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(92,467)	(353,682)
Share-based compensation	96,775	568
Net changes in non-cash working capital balances:		
Other receivables and prepayments	32,727	(53,153)
Accounts payable and accrued liabilities	(88,111)	(532,176)
Fair value adjustment on warrant liability	(207,687)	-
Cash used in operating activities	(258,763)	(938,443)
<b>INVESTING ACTIVITIES</b>		
Net expenditures on exploration and evaluation asset expenditures	(1,788,869)	(1,880,822)
Purchase of equipment	(7,860)	(121,396)
Cash used in investing activities	(1,796,729)	(2,002,218)
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash, net	2,122,203	1,430,244
Subscription receipts issued	-	1,345,852
Cash provided by financing activities	2,122,203	2,776,096
Change in cash	66,711	(164,565)
Cash, beginning of period	894,808	1,891,681
Restricted cash, end of period	-	(1,340,280)
Cash, end of period	961,519	386,836

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**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

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(Unaudited)

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

Alpha Exploration Ltd. (“Alpha” on the “Company”) 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 is 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 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 \$3,051,581 at September 30, 2022 (December 31, 2021 - \$2,959,114), and net working capital of \$378,331 (December 31, 2021 - \$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.

As the Company does not yet have positive cash flows from operations, it must rely on debt or equity financings to fund its operations. To date the Company’s main source of funding has been the issuance of equity securities or debt, through private placements to sophisticated investors and through public offering to institutional investors.

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.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

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**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

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(Unaudited)

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**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”), as 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.

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

Unless otherwise stated, all dollar amounts are in US dollars.

**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.

The preparation of interim 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 expense. Actual results may differ from these estimates. There have been no material revisions to the nature of judgements and changes in estimates reported in the company’s December 31, 2021 annual financial statements.



**ALPHA EXPLORATION LTD.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 4. EQUIPMENT

	Camp equipment	Pump and generators	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance, December 31, 2021	158,839	20,820	46,993	21,158	132,418	380,228
Additions	2,593	-	5,267	-	-	7,860
<b>Balance, September 30, 2022</b>	<b>161,432</b>	<b>20,820</b>	<b>52,260</b>	<b>21,158</b>	<b>132,418</b>	<b>388,088</b>

	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	45,491	145,392
Additions	24,143	1,933	7,367	1,587	19,863	54,893
<b>Balance, September 30, 2022</b>	<b>87,718</b>	<b>8,780</b>	<b>31,148</b>	<b>7,285</b>	<b>65,354</b>	<b>200,285</b>

<b>Carrying Amounts</b>						
Balance, December 31, 2021	95,264	13,973	23,212	15,460	86,927	234,836
<b>Balance, September 30, 2022</b>	<b>73,714</b>	<b>12,040</b>	<b>21,112</b>	<b>13,873</b>	<b>67,064</b>	<b>187,803</b>

## 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 \$11,748 during the nine months ended September 30, 2021 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.

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

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 nine months ended September 30, 2022 and year ended December 31, 2021 were as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Opening balance	7,381,258	4,323,826
Exploration costs:		
Drilling	388,358	376,304
Assays	213,557	298,483
Surveys	90	19,542
Technical services	120,241	461,956
Exploration licenses and fees	11,748	12,267
Labour cost	574,830	792,800
Share-based compensation (Note 9)	427,985	464,674
Consultancy charges	-	101,843
Consumable spare parts and supplies	160,624	209,165
Other direct expenses	229,331	255,914
Depreciation expenses	56,700	64,484
Sub total	2,183,464	3,057,432
Ending balance	9,564,722	7,381,258

**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Trade and other payables	330,472	407,755
Amounts due to related parties (Note 9)	215,074	277,096
Other accruals	56,796	93,885
<b>Total</b>	<b>602,342</b>	<b>778,736</b>

**7. WARRANT LIABILITY**

The Company's warrant liability arises as a result of the issuance of warrants exercisable in CAD dollars. As the denomination is different from the US dollar functional currency of the entity issuing the underlying shares, the company recognizes a derivative liability for these warrants and re-measures the liability at the end of each reporting period using the Black-Scholes model. Changes in respect of the Company's warrant liability are as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Balance, December 31, 2021	481,880	368,891
Warrants issued	223,656	202,652
Fair value adjustment	(431,343)	(89,663)
<b>Balance at end of period</b>	<b>274,193</b>	<b>481,880</b>

The re-measurements of the warrant liability at the end of each reporting period was calculated using the Black-Scholes model with the following weighed average assumptions and resulting fair values:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Weighted average assumptions		
Risk-free interest rate	3.71%	0.81%
Expected dividend yield	0%	0%
Expected warrant life	1.04	1.06
Expected stock price volatility	84.00%	85.00%
Weighted average fair value	\$0.04	\$0.96

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**ALPHA EXPLORATION LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

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(Unaudited)

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**8. SHARE CAPITAL****a) Authorized**

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

**b) Issued and Outstanding common****Nine months ended September 30, 2022**

On September 13, 2022, the Company closed a private placement of 2,443,442 units at CAD\$0.70 per unit for gross proceeds of CAD\$1,710,409. Each unit consists of one common share and one whole share purchase warrant exercisable at CAD\$1.05 per common share for a period of 24 months. Gross proceeds of \$1,081,044 were allocated to common shares and \$223,656 to the warrants. In connection with the private placement, Alpha paid a cash finder's fee payment equal to 6% on a proportion of the units issued and incurred total share issue costs of \$27,183.

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 a private placement. Each unit consists of one common share and one half of one share purchase warrant exercisable at CAD\$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 and incurred total cash share issue costs of \$39,389.

**Nine months ended September 30, 2021**

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 \$1,234,350 were allocated to common shares and \$195,894 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. The Subscriptions Receipts are excluded from the calculation of earnings and diluted earnings per share until the successful completion of the listing transaction.

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

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of the transaction \$809,827 was transferred to contributed surplus.

## c) Warrants and performance warrants

A summary of the Company's outstanding warrants at September 30, 2022 and the changes for the period 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	2,846,591	1.35	0.78
Issued	3,377,692	1.07	1.70
Exercisable and outstanding, September 30, 2022	6,224,283	1.20	1.04
<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, September 30, 2022	6,862,056	0.032	8.62

The following table summarizes the outstanding and exercisable warrants and performance warrants as at September 30, 2022:

Exercise price	Number of warrants	Expiry date	Weighted average
CAD\$1.35	1,842,832	December 20, 2022	0.22
CAD\$1.35	1,003,759	January 21, 2023	0.31
CAD\$1.125	934,250	October 13, 2023	1.04
CAD \$1.05	2,443,442	September 13, 2023	1.96
CAD\$0.001	2,433,056*	May 12, 2031	8.62
CAD\$0.05	4,429,000*	May 12, 2031	8.62

\* Performance Warrants

The Performance Warrants are exercisable as follows: (i) 2,433,056 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

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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.

## d) Options

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX-V). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company.

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.

<i>Options</i>	Number of options	Weighted average exercise price (per option) CAD\$	Weighted average life (Years)
Outstanding, December 31, 2021	650,000	0.75	4.70
Granted	100,000	0.66	4.44
Outstanding, September 30, 2022	750,000	0.74	4.01
Exercisable, September 30, 2022	600,000	0.56	3.97

The following table summarizes the outstanding and exercisable options as at September 30, 2022:

Exercise price	Number of options	Expiry date	Weighted average life (Years)
CAD\$1.35	50,000	Nov 1, 2023	1.09
CAD\$0.64	450,000	Dec 6, 2026	4.19
CAD\$0.90	150,000	Dec 6, 2026	4.19
CAD\$0.66	100,000	Mar 8, 2027	4.44

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(Unaudited)

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>September 30, 2022</b>	<b>December 31, 2021</b>
Share price	CAD\$0.66	CAD\$0.79
Risk free interest rate	0.97%	0.91%
Expected life	5.00 years	4.69 years
Expected volatility	133%	133%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

During the nine months ended September 30, 2022, the weighted average fair value of the options at the date of grant was CAD\$0.73 per share. There were no options granted during the nine months ended September 30, 2021.

Share based payment expense recorded during the nine months ended September 30, 2022 was \$96,775 (2021 - \$568) which was recorded in the condensed interim consolidated statements of loss, and \$427,985 (2021 - \$339,923) was separately capitalized to exploration and evaluation assets (Note 5).

**9. 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 nine months ended September 30, 2022 and the year ended December 31, 2021, the related party balances were as disclosed below. The amounts noted below are included in the Company's accounts payable and loan from related party balances.

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Hemera Capital Management, Cayman – common owner	18,000	50,000
Colonnade Mining Group Eritrea Ltd, Eritrea – common owner	1,038	121,654
Frontier Equipment Supplies DMCC, UAE – common owner	11,040	11,040
Michael Hopley - CEO	37,088	-
Alpha Discovery Holding, BVI – common owner	80,265	80,265
Alasdair Smith - CEO of Alpha Exploration Eritrea Ltd.	67,643	14,137
<b>Total</b>	<b>215,074</b>	<b>277,096</b>

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During the three and nine months ended September 30, 2022 and 2021, the related party transactions were as follows.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Colonnade Mining Group Eritrea Ltd, Eritrea – drilling services	159,762	46,223	616,954	202,069
Colonnade Mining Group Ltd, BVI – payment on behalf of the Company for consumable purchase	-	2,958	-	2,958
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	18,000	75,000

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 and nine months ended September 30, 2022 and 2021 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries	61,549	97,689	198,465	206,016
Benefits	19,320	18,600	56,520	25,800
Directors' fees	5,002	-	14,998	-
Shared-based compensation	-	218,843	57,898	339,923
	<b>85,871</b>	<b>335,132</b>	<b>327,881</b>	<b>571,739</b>

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. Share-based compensation for the three-month and nine-month periods ended September 30, 2022 of (\$54,200) and \$427,985, respectively (September 30, 2021 - \$218,843 and \$339,923, respectively) was capitalized to exploration and evaluation assets.

**10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

The Company's financial instruments include cash, other receivables, accounts payable, warrant liability and loans and 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.



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Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2022 and December 31, 2021 are as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Level 1 - Financial Assets – Cash	961,519	894,808
Level 3 - Financial Liabilities - Warrant Liability	274,193	481,880

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. There have been no changes in any risk management policies since December 31, 2021.

**11. SEGMENTED INFORMATION**

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 September 30, 2022 and December 31, 2021 is as follows:

<b>Identifiable assets</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
British Virgin Islands	1,928,112	1,606,451
Eritrea	8,805,086	6,956,332
Total assets	10,733,198	8,562,783

<b>Identifiable liabilities</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
British Virgin Islands	527,900	904,250
Eritrea	348,635	356,366
Total liabilities	876,535	1,260,616

Geographic segmentation of the Company's net income (loss) for the nine months ended September 30, 2022 and 2021 is as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$
British Virgin Islands	16,400	(142,987)	32,670	(258,965)
Eritrea	(32,985)	29,825	(125,137)	(94,717)
Net loss	(16,585)	(113,162)	(92,467)	(353,682)

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(Unaudited)

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## 12. SUPPLEMENTAL CASH FLOW INFORMATION

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	September 30, 2022	September 30, 2021
	\$	\$
Non-cash investing and financing activities		
Retraction of common shares	-	(7,321,774)
Issuance of preference shares	-	8,131,601
Contributed surplus from retraction of common shares	-	(809,827)
Issuance of equalization shares	-	161,018
Share based compensation capitalized to exploration and evaluation assets	427,985	339,923
Change in fair value of warrant liability	431,343	-
Allocation of Unit proceeds to warrants	427,985	195,894

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