



OUTCROP
SILVER & **GOLD**

OUTCROP SILVER & GOLD CORPORATION

Condensed Interim Consolidated Financial Statements

**For the three and nine months ended May 31, 2022 and 2021
(unaudited)**

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of financial position
(Unaudited – expressed in Canadian dollars)

As at	Notes	May 31, 2022	August 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,131,086	\$ 4,453,217
Receivables		50,890	39,017
Advances and prepaid expenses		277,831	233,829
Deferred financing costs		-	178,059
		4,459,807	4,904,122
Non-current assets			
Equipment		118,836	62,911
Mineral properties	5	4,453,461	4,453,461
		4,572,297	4,516,372
Total assets		\$ 9,032,104	\$ 9,420,494
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 851,525	\$ 675,574
		851,525	675,574
Shareholders' equity			
Share capital	7	55,990,622	51,605,327
Stock-based reserves	7	10,507,736	9,840,297
Warrant reserves	7	13,750,930	11,317,286
Accumulated other comprehensive income (loss)		641	(2,377)
Deficit		(72,069,350)	(64,015,613)
Total shareholders' equity		8,180,579	8,744,920
Total liabilities and shareholders' equity		\$ 9,032,104	\$ 9,420,494
Nature of operations and going concern	1		
Subsequent events	12		

Approved for issue by the Board of Directors on July 29, 2022.

On behalf of the Board of Directors:

"Joseph P. Hebert"

 Joseph P. Hebert, Director

"Kevin Nishi"

 Kevin Nishi, Director

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of loss and comprehensive loss
(Unaudited – expressed in Canadian dollars)

	Note	Three months ended		Nine months ended	
		May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Expenses					
Exploration and evaluation	5	\$ 2,061,851	\$ 1,963,232	\$ 4,922,356	\$ 6,211,701
Foreign exchange		117,836	(35,462)	183,442	(495,345)
General and administrative	8	390,361	256,264	746,813	618,863
Investor relations		192,997	452,763	714,013	940,958
Professional fees	8	127,434	146,985	410,288	255,003
Stock-based compensation	7	374,013	736,234	769,192	1,877,918
Wages and benefits	8	106,391	65,360	311,746	322,330
		(3,370,883)	(3,585,376)	(8,057,850)	(9,731,428)
Interest income		1,613	3,913	4,113	11,456
Impairment of mineral properties		-	(41,114)	-	(41,114)
Gain on sale of marketable securities		-	-	-	3,055
		1,613	(37,201)	4,113	(26,603)
Loss for the period		(3,369,270)	(3,622,577)	(8,053,737)	(9,758,031)
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		2,752	818	3,018	(3,119)
Comprehensive loss for the period		\$ (3,366,518)	\$ (3,621,759)	\$ (8,050,719)	\$ (9,761,150)
Basic and diluted loss per share		\$ (0.02)	\$ (0.03)	\$ (0.06)	\$ (0.09)
Weighted average number of common shares outstanding	7	157,550,899	125,620,268	141,113,735	114,393,914

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of cash flows
(Unaudited – expressed in Canadian dollars)

	Note	Nine months ended	
		May 31, 2022	May 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		\$ (8,053,737)	\$ (9,758,031)
Items not involving cash:			
Depreciation		25,244	17,946
Stock-based compensation		769,192	1,877,918
Impairment of mineral properties		-	41,114
Unrealized gain on marketable securities		-	(5,730)
Unrealized foreign exchange gain		9,369	44,113
Changes in non-cash working capital balances:			
Receivables		(11,873)	(2,469)
Advances and prepaid expenses		(44,002)	237,558
Accounts payable and accrued liabilities	6	175,951	687,901
Change in long-term receivables		-	68,150
		(7,129,856)	(6,791,530)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital asset acquisitions		(81,169)	(20,599)
Sale of marketable securities		-	11,460
		(81,169)	(9,139)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issue	7	7,445,806	9,658,508
Share issue costs		(728,620)	(937,938)
Deferred financing costs	7	178,059	(27,229)
		6,895,245	8,693,341
Effect of foreign exchange on cash		(6,351)	(46,571)
Change in cash during the period		(322,131)	1,846,101
Cash, beginning of period		4,453,217	5,952,245
Cash, end of period		\$ 4,131,086	\$ 7,798,346

Supplemental disclosure with respect to cash flows – Note 11

OUTCROP SILVER & GOLD CORPORATION

Condensed interim consolidated statements of shareholders' equity

(Unaudited – expressed in Canadian dollars)

	Notes	Number of Shares	Share Capital	Stock-Based Reserves	Warrant Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, August 31, 2020		107,798,133	\$ 44,702,834	\$ 7,596,002	\$ 9,292,227	\$ (46)	\$ (51,169,108)	\$ 10,421,909
Common shares issued		24,350,820	7,828,865	-	1,829,645	-	-	9,658,510
Warrants issued for finders' fees		-	(253,830)	-	253,830	-	-	-
Share issue costs		-	(937,938)	-	-	-	-	(937,938)
Transfer of fair value of warrants exercised		-	58,416	-	(58,416)	-	-	-
Transfer of fair value of options exercised		-	177,428	(177,428)	-	-	-	-
Stock-based compensation		-	-	1,877,918	-	-	-	1,877,918
Foreign currency translation adjustment		-	-	-	-	(3,119)	-	(3,119)
Loss for the period		-	-	-	-	-	(9,758,031)	(9,758,031)
Balance, May 31, 2021		132,148,953	\$ 51,575,775	\$ 9,296,492	\$ 11,317,286	\$ (3,165)	\$ (60,927,139)	\$ 11,259,249
Balance, August 31, 2021		132,148,953	\$ 51,605,327	\$ 9,840,297	\$ 11,317,286	\$ (2,377)	\$ (64,015,613)	\$ 8,744,920
Common shares issued		27,997,055	5,188,806	-	2,257,000	-	-	7,445,806
Warrants issued for finders' fees		-	-	-	180,670	-	-	180,670
Share issue costs		-	(909,290)	-	-	-	-	(909,290)
Transfer of fair value of warrants exercised		-	4,026	-	(4,026)	-	-	-
Transfer of fair value of options exercised		-	101,753	(101,753)	-	-	-	-
Stock-based compensation		-	-	769,192	-	-	-	769,192
Foreign currency translation adjustment		-	-	-	-	3,018	-	3,018
Loss for the period		-	-	-	-	-	(8,053,737)	(8,053,737)
Balance, May 31, 2022		160,146,008	\$ 55,990,622	\$ 10,507,736	\$ 13,750,930	\$ 641	\$ (72,069,350)	\$ 8,180,579

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended May 31, 2022

(Unaudited – expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Outcrop Gold & Silver Corporation (“Outcrop” or the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia, Canada. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol OCG.

The Company’s corporate registered and records office is located at #905 – 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3. The Company is engaged in the identification, acquisition, exploration, and development of mineral properties in Colombia. The Company has not placed any of its mineral properties into production and is therefore considered to be in the exploration stage. These condensed interim consolidated financial statements for the Company for the nine months ended May 31, 2022 are comprised of the results of the Company and its subsidiaries.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company’s ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties raise significant doubt regarding the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, which could be material.

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. The extent to which COVID-19 may impact the Company’s business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the virus. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these unaudited condensed consolidated interim financial statements, these conditions could have a significant adverse impact on the Company’s financial position and results of operations for future periods.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using the Principles of International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and, accordingly, should be read in conjunction with the Company’s annual consolidated financial statements for the year ended August 31, 2021.

OUTCROP SILVER & GOLD CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended May 31, 2022
(Unaudited – expressed in Canadian dollars)

2. BASIS OF PRESENTATION *(continued)*

Basis of measurement and presentation

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which has been determined for each entity within the Company using an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The functional currency of Outcrop, the parent company, is the Canadian dollar; that of the Company’s US subsidiary, Miranda Gold USA, Inc. is the United States dollar. The functional currency of all the Company’s Canadian subsidiaries is the Canadian dollar, and that of all the Colombian branch operations and Colombian simplified share companies is also the Canadian dollar.

Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, significant judgments made by management in applying the Company’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied as at and for the year ended August 31, 2021.

New standards, interpretations and amendments adopted during the period

A number of new standards, amendments to standards and interpretations are not yet effective as of May 31, 2022 and have therefore not been applied in preparing these condensed interim consolidated financial statements. None are expected to have a material effect on the financial statements of the Company.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: Fair value through profit or loss (“FVTPL”); amortized cost; fair value through other comprehensive income (“FVOCI”).

OUTCROP SILVER & GOLD CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended May 31, 2022
(Unaudited – expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	May 31, 2022	August 31, 2021
Cash	Amortized cost	\$ 4,131,086	\$ 4,453,217
Receivables	Amortized cost	\$ 22,433	\$ 23,739
Accounts payable and accrued liabilities	Amortized cost	\$ 851,525	\$ 675,574

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, receivables and accounts payable approximate their fair value due to their short-term nature.

Risk Management

All aspects of the Company's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended August 31, 2021.

5. MINERAL PROPERTIES

Outcrop acquires mineral properties through application, staking, and third-party vendors, some of which are subject to net smelter return royalties ("NSR") or underlying lease payments. Subsequent to the acquisition of mineral properties, the Company may enter into agreements to sell a portion of its interests in its mineral properties to third parties in exchange for exploration expenditures, royalty interests, cash, or share-based payments.

Outcrop cannot guarantee title to all of its mineral properties as the properties may be subject to prior mineral rights applications with priority, prior unregistered agreements or transfers, and/or the title may be affected by undetected defects. Certain of the mineral rights held by Outcrop are held under applications for mineral rights and until final approval of such applications is received, the Company's rights to such mineral rights may not materialize and the exact boundaries of Outcrop's properties may be subject to adjustment.

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For the nine months ended May 31, 2022
(Unaudited – expressed in Canadian dollars)

5. MINERAL PROPERTIES *(continued)*

Mineral Properties as at May 31, 2022

	August 31, 2021	Additions	Recoveries	Impairment/ Write off project	Effect of movement in exchange rates	May 31, 2022
Antares	\$ 112,987	\$ -	\$ -	\$ -	\$ -	\$ 112,987
Argelia	265,240	-	-	-	-	265,240
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	3,735,450	-	-	-	-	3,735,450
	4,453,461	-	-	-	-	4,453,461
TOTAL	\$ 4,453,461	\$ -	\$ -	\$ -	\$ -	\$ 4,453,461

	August 31, 2020	Additions	Recoveries	Impairment/ Write off project	Effect of movement in exchange rates	August 31, 2021
Alaska:						
Renshaw Royalty	\$ 1	\$ -	\$ -	\$ (1)	\$ -	\$ -
Colombia:						
Antares	\$ 112,987	\$ -	\$ -	\$ -	\$ -	\$ 112,987
Argelia	265,240	-	-	-	-	265,240
Kuntur	20,438	-	-	(20,438)	-	-
Lyra	20,676	-	-	(20,676)	-	-
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	3,735,450	-	-	-	-	3,735,450
	4,494,575	-	-	(41,114)	-	4,453,461
TOTAL	\$ 4,494,576	\$ -	\$ -	(41,115)	\$ -	\$ 4,453,461

Exploration Expenditures incurred for the nine months ended May 2022 and 2021

	Nine months ended	
	May 31, 2022	May 31, 2021
Antaries	\$ 25,225	\$ 20,790
Argelia	6,701	7,359
Mallama	39,118	47,987
Oribella	25,225	7,359
Santa Ana	4,819,386	6,085,005
General Exploration	6,701	43,201
Total	\$ 4,922,356	\$ 6,211,701

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended May 31, 2022

(Unaudited – expressed in Canadian dollars)

5. MINERAL PROPERTIES *(continued)*

Antares Project

On October 9, 2015, the Company executed an option agreement (the “Antares Option”) by and among Activos Mineros de Colombia S.A.S. (“AMC”), the Company, the Company’s subsidiary Miranda Gold Colombia II Ltd. (“MAD II”), and the Colombian Branch of MAD II to acquire the Antares property with minimum operation payments and a share issuance by the Company due according to the schedule below. Upon commencing commercial production (as defined in the agreement), the minimum operation payments will cease and the payment of a 1.8% NSR will commence.

The Company must meet the following payment schedule to maintain the option:

- US\$60,000 on October 9, 2015 *(paid)*;
- US\$60,000 on October 9, 2016 *(paid)*;
- US\$70,000 within 30 days of the Registration Date of the Mining Concession Contract (“Registration Date”);
- US\$80,000 and 150,000 common shares on the first anniversary of the Registration Date;
- US\$90,000 on the 2nd anniversary of the Registration Date;
- US\$100,000 on the 3rd anniversary of the Registration Date;
- US\$120,000 on the 4th anniversary of the Registration Date;
- US\$120,000 on the 5th anniversary of the Registration Date;
- US\$150,000 on the 6th anniversary of the Registration Date and for each successive anniversary.

Furthermore, the Company must adhere to a schedule of minimum exploration expenditures as follows:

- US\$200,000 within the first two years following the Registration Date;
- US\$200,000 during the 3rd year following the Registration Date (cumulative spend US\$400,000);
- US\$300,000 during each of the 4th and 5th years following the Registration Date (cumulative spend US\$700,000 and \$1,000,000, respectively);
- US\$500,000 during each of the 6th and 7th years following the Registration Date (cumulative spend US\$1,500,000 and US\$2,000,000, respectively).

The minimum exploration expenditure schedule may be suspended for up to two years in any period in which the Company does not have a suitable joint venture partner funding expenditures on the project. As at May 31, 2022 the Company has not yet registered the project.

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(Unaudited – expressed in Canadian dollars)

5. MINERAL PROPERTIES *(continued)*

Argelia Project

On June 15, 2017, the Company executed an option agreement (the “Argelia Option”) by and among Bullet Holding Corp. (“Bullet”), Esquimal S.O.M. (“Esquimal”), and the Company to acquire the Argelia property, consisting of three applications.

The Company must meet the following payment schedule to maintain the option:

- US\$100,000 by June 22, 2017 *(paid)*;
- 162,427 common shares upon TSX-V approval of issuance *(issued)*;
- US\$100,000 upon conversion of applications to titles;
- US\$100,000 upon receipt of approval for forestry subtraction or upon the Company commencing drill applications for any of the titles;
- US\$100,000 upon receipt of drill permits;
- US\$250,000 upon announcement of an NI 43-101 resource of >500,000 oz/au total in all categories (M+I+I) (“Announcement Date”);
- US\$250,000 one year following the Announcement Date.

A residual net profits interest (“NPI”) of 4% or an NSR of 1.5%, whichever is greater, will be payable to the vendor until US\$6,000,000 has been paid, at which time an NSR of 1.5% will be payable for the life of the mine.

Mallama Project

On August 31, 2017, Outcrop completed the acquisition of the Mallama Project (“Mallama”) by an outright purchase of 100% of the shares of the Colombian simplified share company, Minera Mallama S.A.S. (“Mallama SAS”).

During the fiscal year ended August 31, 2017, Outcrop paid a total of \$298,216 in outstanding fees due to ANM prior to the final effective date of the purchase. Upon receipt of suitable drill permits on Mallama, without any future time constraint, Outcrop is required to make an additional payment of US\$200,000 to the former shareholders of Mallama SAS. A Net Proceeds Royalty of 4% will be payable to the former shareholders, with a minimum of US\$1,000,000 payable within three years of the commencement of commercial production, capped at US\$4,000,000 over the life of the mine.

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5. MINERAL PROPERTIES *(continued)*

Oribella Project

On May 13, 2014, the Company acquired the Oribella Project in the Antioquia Department of Colombia through a purchase agreement with Antioquia Gold Inc. (“Antioquia Gold”).

Upon registration of the property with ANM as a contract, Outcrop will reimburse Antioquia Gold for the application payment of COP 101,136,976 (approximately US\$35,000). Oribella is subject to a 0.5% royalty to Antioquia Gold that can be purchased for US\$1,500,000 and a 2% royalty to Barrick Gold.

Santa Ana Project

On January 24, 2020, the Company completed the acquisition of 100% of the Santa Ana project located in the Municipality of Falan, Tolima Department, Colombia through the purchase of all of the issued and outstanding shares of Malew Overseas S.A. (“Malew”). Malew’s wholly owned subsidiary, Lost City S.A.S., owns the Santa Ana Project.

On July 28, 2020, the Company increased the Santa Ana land position with the acquisition of additional adjacent claims. In connection with the additional adjacent claims, the Company will make the following series of payments and share issuances:

- Issue US\$500,000 in common shares of the Company within 15 days following the date on which the first of the mining concession agreements arising from certain applications is registered in the Assignee’s name with the National Mining Registry.
- Issue US\$500,000 in common shares of the Company within 15 days following the date on which the remaining mining concession agreements is registered in the Assignee’s name with the National Mining Registry.
- Upon entry into commercial production, a royalty equivalent of 2% of the NSR in the concession agreements arising from the applications. The Company has the option to purchase 1% of the NSR for cash of US\$500,000.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	May 31, 2022	August 31, 2021
Accounts payable and accrued liabilities – Canada	\$ 114,019	\$ 68,220
Accounts payable and accrued liabilities – United States	6,384	19
Accounts payable and accrued liabilities – Colombia	687,511	574,266
Amounts payable to related parties – Canada <i>(Note 8)</i>	2,592	-
Amounts payable to related parties – Colombia <i>(Note 8)</i>	41,019	33,069
TOTAL	\$ 851,525	\$ 675,574

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(Unaudited – expressed in Canadian dollars)

7. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Share Issuance

At May 31, 2022, the Company had 160,146,008 common shares issued and outstanding (August 31, 2021 – 132,148,953).

During the nine months ended May 31, 2022, the Company:

- Issued 1,000,000 common shares following the exercise of stock options at prices between \$0.10-\$0.17 per common share for gross proceeds of \$112,250;
- Issued 100,000 common shares following the exercise of share purchase warrants at a price of \$0.20 per common share for gross proceeds of \$20,000;
- Issued 1,341,500 common shares under its at-the-market equity program (the “ATM Program”) for gross proceeds of \$413,556.

The ATM Program was established during the year ended August 31, 2021, and allows the Company to issue and sell, at its discretion, up to \$5,000,000 of common shares in the capital of the Company to the public from time to time at the prevailing market price when the common shares are issued. As at May 31, 2022, a cumulative total of \$413,556 has been issued under the Company’s ATM Program.

- The Company completed a financing by issuing 25,555,555 units of the Company at a price of \$0.27 per unit for gross proceeds of \$6,900,000. Each unit is comprised of one common share of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.37 for a period of 24 months following the closing of the offering. The Company also issued 1,200,001 broker warrants exercisable at \$0.27 for a period of 24 months. The proceeds of the financing were allocated on a relative fair value basis as \$4,643,000 to common shares and \$2,257,000 to warrants.

During the nine months ended May 31, 2021, the Company:

- Issued 1,024,320 common shares following the exercise of share purchase warrants at a price of \$0.20 - \$0.40 per common share for gross proceeds of \$259,864;
- Issued 1,925,000 common shares following the exercise of stock options at a price of \$0.10 - \$0.17 per common share for gross proceeds of \$196,000;
- Closed a bought deal offering through a short-form prospectus consisting of 21,401,500 units at a price of \$0.43 per unit for gross proceeds of \$9,202,645. Each unit consists of one common share and a one-half share purchase warrant, each full warrant exercisable into a common share at a price of \$0.60 per share until March 26, 2023. The proceeds of the

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For the nine months ended May 31, 2022

(Unaudited – expressed in Canadian dollars)

financing were allocated on a relative fair value basis as \$7,373,000 to common shares and \$1,829,645 to warrants.

The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation were an expected life of 2 years, an expected dividend of \$nil, a risk-free interest rate of 0.23%, and an expected volatility of 119.20%.

Cash share issuance costs of \$937,938 were paid in relation to the bought deal, in addition to an issuance of 1,246,429 finders' warrants with an exercise price of \$0.43 per share, valued at \$253,830 using the Black-Scholes Option-Pricing Model assumptions above.

c) Stock Options Outstanding

The Company has a shareholder-approved stock option plan that provides for the reservation for issuance of 10% of the Company's issued and outstanding common shares to its directors, officers, employees, and consultants. The vesting terms of each stock option grant is determined by the Board of Directors at the time of the grant.

The Company also has an award plan (the "RSU/DSU Plan") which permits the grant of restricted share units of the Company ("RSU's") and/or deferred share units of the Company ("DSU's") whereby the maximum number of common shares reserved for issue under the RSU/DSU Plan shall not exceed 4,000,000 common shares of the Company. In addition, the aggregate number of common shares issuable pursuant to the RSU/DSU Plan combined with all of the Company's other securities-based compensation arrangements, including the Company's Stock Option Plan, shall not exceed 10% of the Company's outstanding shares. No RSU's or DSU's have been issued.

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7. SHARE CAPITAL (continued)

The stock option continuity for the nine months ended May 31, 2022, is as follows:

Number Outstanding August 31, 2021	Granted	Exercised	Expired/Cancelled	Number Outstanding May 31, 2022	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
110,000	-	-	(110,000)	-	\$ -	Jan 25, 2022	-
3,775,000	-	(825,000)	-	2,950,000	\$ 0.10	Feb 7, 2025	2.69
175,000	-	(175,000)	-	-	\$ -	May 13, 2025	-
200,000	-	-	-	200,000	\$ 0.56	Jul 24, 2025	3.15
2,200,000	-	-	(1,250,000)	950,000	\$ 0.40	Oct 20, 2025	3.39
1,000,000	-	-	-	1,000,000	\$ 0.63	Oct 20, 2025	3.39
3,900,000	-	-	(900,000)	3,000,000	\$ 0.30	Apr 19, 2026	3.89
1,250,000	-	-	(750,000)	500,000	\$ 0.24	Aug 5, 2026	4.18
-	100,000	-	-	100,000	\$ 0.20	Oct 25, 2022	0.40
-	300,000	-	(50,000)	250,000	\$ 0.24	Aug 5, 2026	4.18
-	500,000	-	-	500,000	\$ 0.16	Jan 13, 2027	4.62
-	3,900,000	-	-	3,900,000	\$ 0.22	Apr 08, 2027	4.86
12,610,000	4,800,000	(1,000,000)	(3,060,000)	13,350,000	\$ 0.24	(weighted average)	3.84
			Exercisable	9,962,500	\$ 0.25	(weighted average)	3.53

As at May 31, 2022, 9,962,500 of the outstanding stock options were vested and exercisable, with a weighted average exercise price of \$0.25.

Stock-Based Compensation

The fair value of each option granted to employees, officers, and directors was estimated on the date of the grant using the Black-Scholes Option-Pricing Model.

During the nine months ended May 31, 2022, 4,800,000 stock options were granted (May 31, 2021 – 8,400,000). Options granted during the period vest 25% on the grant date and 25% each three months thereafter. The Company recorded \$769,192 in stock-based compensation expense (May 31, 2021 - \$1,877,918) for options vested during the period. The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation were an expected life of 1 to 5 years, expected dividend of \$nil, and:

	Oct 25, 2021	Nov 15, 2021	Jan 13, 2022	Apr 8, 2022
Risk-free interest rate	0.82%	1.48%	1.50%	2.59%
Expected volatility	83.35%	146.14%	145.89%	146.71%
Fair value	\$ 0.12	\$ 0.20	\$ 0.15	\$ 0.20

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d) Share Purchase Warrants

The share purchase warrant continuity for the nine months ended May 31, 2022 is as follows:

Number Outstanding August 31, 2021	Granted	Exercised	Expired/Cancelled	Number Outstanding May 31, 2022	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
2,751,250	-	-	(2,751,250)	-	\$ -	Mar 9, 2022	-
9,813,760	-	-	-	9,813,760	\$ 0.40	Feb 22, 2024	1.73
1,590,721	-	-	-	1,590,721	\$ 0.40	Apr 17, 2024	1.88
22,060,000	-	(100,000)	-	21,960,000	\$ 0.20	Nov 7, 2024	2.44
10,883,928	-	-	-	10,883,928	\$ 0.42	Jun 17, 2022	0.05
10,700,750	-	-	-	10,700,750	\$ 0.60	Mar 26, 2023	0.82
1,246,429	-	-	-	1,246,429	\$ 0.43	Mar 26, 2023	0.82
-	25,555,555	-	-	25,555,555	\$ 0.37	Mar 09, 2024	1.78
-	1,200,001	-	-	1,200,001	\$ 0.27	Mar 09, 2024	1.78
59,046,838	26,755,556	(100,000)	(2,751,250)	82,951,144	\$ 0.36	(weighted average)	1.58

8. RELATED PARTY TRANSACTIONS

- a) The Company's related parties consist of companies with directors and officers in common, and companies owned in whole or in part by executive officers and directors as follows:

Related Party Name	Nature of Transactions
Calibre Capital Corp. ("Calibre") & Northhouse Capital Corp. ("Northhouse"), companies related to Alexander Tong	Consulting as former CFO (<i>Resigned in August 2021</i>)
DKT Geosolutions Inc. ("DKT"), a company related to David Thomas	Consulting as VP Exploration (<i>terminated in January 2021</i>)
Farris LLP ("Farris"), a company in which Jay Sujir is a partner	Legal services
Slater Corporate Services Corporation ("SCSC"), a company related to Ian Slater	Cost reimbursement, Corporate Secretary, corporate compliance services, accounting, and financial reporting

The Company incurred the following fees in connection with companies owned or partially owned by key management (Chief Executive Officer, Chief Financial Officer, Corporate Secretary) and/or directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

	Three months ended		Nine months ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Consulting fees – DKT	\$ -	\$ -	\$ -	\$ 41,875
Consulting fees – Northhouse	-	20,475	7,166	61,425
Cost reimbursement - SCSC	54,000	82,500	180,000	228,333
Legal fees – Farris	95,930	170,210	104,536	255,414
Total	\$ 149,930	\$ 273,185	\$ 291,702	\$ 587,047

- b) Amounts owing to related parties are disclosed in Note 6. All amounts are unsecured, with no specific terms of repayment.

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8. RELATED PARTY TRANSACTIONS *(continued)*

- c) Compensation of directors and members of key management personnel, including amounts disclosed in Note 8(a), (b), and (c) were as follows:

	Three months ended		Nine months ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Exploration and evaluation	\$ 8,420	\$ -	\$ 153,376	\$ 44,306
Legal fees ⁽¹⁾	95,930	170,210	104,536	255,414
Reimbursement of expense ⁽²⁾	9,326	52,500	294,262	149,781
Share based compensation	314,329	369,240	623,953	948,586
Wages and benefits	162,924	126,785	305,445	371,697
Total	\$ 590,929	\$ 718,735	\$ 1,481,572	\$ 1,769,784

⁽¹⁾ Amount is included in professional fees.

⁽²⁾ Amount is included in general and administrative expenses.

9. SEGMENTED DISCLOSURE

The Company operates in the mineral exploration sector within Colombia.

Note 5 provides disclosure as to the geographic location of the Company's mineral properties and exploration expenditures. The majority of the Company's equipment is located in Colombia.

10. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and warrants as capital (Note 7). 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 development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

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, issue debt, acquire or dispose of assets, or adjust the amount of cash.

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

To maximize ongoing exploration expenditures, the Company does not pay dividends. The Company's investment policy is to keep its cash treasury on deposit in interest-bearing Canadian chartered bank accounts and short-term guaranteed investment certificates.

The Company estimates that it will require additional funding to carry out its exploration plans and operations through the next twelve months. The Company is not subject to any externally imposed capital restrictions.

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11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the nine months ended	May 31, 2022		May 31, 2021	
Non-cash investing and financing activities:				
Interest received	\$	4,113	\$	11,456

12. SUBSEQUENT EVENTS

Subsequent to May 31, 2022, the Company granted 1,300,000 stock options to officers and employees, exercisable at \$0.13 and expiring on April 8, 2027.