

# **Peloton Minerals Corporation**

## **Condensed Interim Consolidated Financial Statements**

(Expressed in United States Dollars)

**(Unaudited)**

**For the Three Months Ended March 31, 2021**

## **Management's Responsibility for Interim Financial Statements**

The accompanying unaudited condensed interim financial statements of Peloton Minerals Corporation (the "Company" or "Peloton") are the responsibility of management.

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

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

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

**"Edward Ellwood"**  
(signed)

**"Eric Plexman"**  
(signed)

### **Notice to Reader**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

**Peloton Minerals Corporation**  
**Interim Consolidated Statements of Financial Position**  
(Expressed in United States Dollars)  
**As at**  
(Unaudited)

	March 31, 2021	December 31, 2020
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 167,264	\$ 497,338
HST receivable	10,296	8,955
Prepaid expenses	13,167	19,302
	<b>190,727</b>	525,595
Equipment (Note 3)	47,669	49,939
Reclamation bonds (Note 5)	30,845	30,845
	<b>\$ 269,241</b>	<b>\$ 606,379</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 6 and 11)	\$ 433,579	\$ 409,335
Convertible debenture (Note 7)	100,000	97,337
	<b>533,579</b>	506,672
Derivative liability – convertible debenture (Note 7)	85,118	130,024
Derivative liability – foreign currency warrants (Note 9)	864,390	1,625,276
	<b>1,483,087</b>	<b>2,261,972</b>
<b>Shareholders' Deficiency</b>		
Capital stock (Note 8)	10,259,963	10,259,963
Contributed surplus	2,232,386	2,232,386
Deficit	(13,706,195)	(14,147,942)
	<b>(1,213,846)</b>	<b>(1,655,593)</b>
	<b>\$ 269,241</b>	<b>\$ 606,379</b>

*Nature of Operations and Going Concern (Note 1)*  
*Commitments (Note 14)*  
*Subsequent events (Note 15)*

See accompanying notes.

**Peloton Minerals Corporation**  
**Interim Consolidated Statements of Income and Comprehensive Income**  
**For the Three Months Ended March 31**  
(Expressed in United States Dollars)  
(Unaudited)

	<b>2021</b>	<b>2020</b>
<b>Expenses</b>		
Office and administrative costs (Note 11)	\$ 116,191	\$ 79,513
Professional fees	14,997	14,616
Exploration and evaluation expenditures (Note 4)	224,704	9,500
Foreign exchange (gain)	3,220	(24,923)
Depreciation	2,270	2,270
	<b>361,382</b>	<b>80,976</b>
<b>Other expenses (income)</b>		
(Gain) loss on revaluation of foreign currency warrants (Note 9)	<b>(760,886)</b>	(332,405)
(Gain) loss on revaluation of derivative liability (Note 7)	<b>(44,906)</b>	(38,499)
Accretion expense	2,663	4,965
	<b>(803,129)</b>	<b>(365,939)</b>
<b>Net income and comprehensive income for the period</b>	<b>\$ 441,747</b>	<b>\$ 284,963</b>

**Earnings per share (Note 10)**

<b>Basic and diluted</b>	<b>\$ 0.004</b>	<b>\$ 0.003</b>
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**Weighted average number of common shares outstanding (Note 10)**

<b>Basic and diluted</b>	<b>101,418,641</b>	<b>84,621,354</b>
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See accompanying notes.

**Peloton Minerals Corporation**  
**Interim Consolidated Statements of Changes in Equity (Deficiency)**  
(Expressed in United States Dollars)  
**For the Three Months Ended March 31,**

	<b>Number of Shares</b>	<b>Capital Stock</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, January 1, 2020</b>	<b>84,621,354</b>	<b>\$ 9,629,754</b>	<b>\$ 2,031,405</b>	<b>\$(12,900,062)</b>	<b>\$(1,238,903)</b>
Net income and comprehensive income	-	-	-	284,963	284,963
<b>Balance, March 31, 2020</b>	<b>84,621,354</b>	<b>\$ 9,629,754</b>	<b>\$ 2,031,405</b>	<b>\$(12,615,099)</b>	<b>\$(953,940)</b>
Net loss and comprehensive loss	-	-	-	(1,532,843)	(1,532,843)
Units issued for cash	15,439,560	860,778	-	-	860,778
Units issued for exploration services	720,000	40,543	-	-	40,543
Allocated to warrants	-	(305,467)	-	-	(305,467)
Units issuance fees	-	(9,096)	-	-	(9,096)
Broker units	-	(17,038)	17,038	-	-
Exercise of warrants	637,727	60,489	-	-	60,489
Stock-based compensation	-	-	183,943	-	183,943
<b>Balance, December 31, 2020</b>	<b>101,418,641</b>	<b>\$ 10,259,963</b>	<b>\$ 2,232,386</b>	<b>\$(14,147,942)</b>	<b>\$(1,655,593)</b>
Net income and comprehensive income	-	-	-	441,747	441,747
<b>Balance, March 31, 2021</b>	<b>101,418,641</b>	<b>\$ 10,259,963</b>	<b>\$ 2,232,386</b>	<b>\$(13,706,195)</b>	<b>\$(1,213,846)</b>

See accompanying notes.

**Peloton Minerals Corporation**  
**Interim Consolidated Statements of Cash Flow**  
(Expressed in United States Dollars)  
**For the Three Months Ended March 31,**  
(Unaudited)

	2021	2020
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Net income	\$ 441,747	\$ 284,963
Items not affecting cash:		
(Gain) loss on revaluation of foreign currency warrants	(760,886)	(332,405)
Accretion expense	2,663	4,965
(Gain) loss on revaluation of derivative liability	(44,906)	(38,499)
Depreciation	2,270	2,270
	(359,112)	(78,706)
Net changes in non-cash working capital		
HST receivable	(1,341)	(2,211)
Prepaid expenses	6,135	5,925
Accounts payable and accrued liabilities	24,244	24,777
	(330,074)	(50,215)
<b>Financing</b>		
Deposit for shares to be issued	-	107,983
	-	107,983
<b>Net change in cash</b>	<b>(330,074)</b>	<b>57,768</b>
<b>Cash, beginning of period</b>	<b>497,338</b>	<b>52,895</b>
<b>Cash, end of period</b>	<b>\$ 167,264</b>	<b>\$ 110,663</b>

See accompanying notes.

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
**March 31, 2021**  
(Unaudited)

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

Peloton Minerals Corporation (the "Company" or "Peloton") was incorporated under the Ontario Business Corporations Act on December 21, 2000. The Company has five wholly-owned subsidiary corporations, Celerity Mineral Corporation, a Canadian corporation incorporated under the Canada Business Corporations Act on April 15, 2012, GT Subsidiary Corporation (formerly Montana Gold Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on August 28, 2012, IV Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on December 11, 2020, SBSL Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on October 15, 2018, and TC Subsidiary Corporation (formerly Celerity Subsidiary Corporation), a United States corporation incorporated under the laws of the State of Montana on August 28, 2012.

The Company is engaged in the business of locating and exploring mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The head office and principal address of the Company is 380 Wellington Street, 6th Floor, London City Centre, Tower B, London, Ontario, N6A 5B5.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business.

During the period ended March 31, 2021, the Company had a net income of \$441,747 (March 31, 2020 – net income of \$284,963) and negative cash flows from operations of \$330,074 (March 31, 2020 - \$50,215). As of that date, the Company had accumulated a deficit of \$13,706,195 (December 31, 2020 - \$14,147,942) and a working capital deficiency of \$342,852 (December 31, 2020 – working capital of \$18,923).

As is common with exploration companies, the Company's ability to continue as a going concern is dependent upon obtaining necessary equity financing to finance its on-going and planned exploration activities and to cover administrative costs, the discovery of economically recoverable resources, the ability of the Company to secure and maintain title and beneficial interest in the properties, entering agreements with others to explore and develop the mineral properties and future profitable production or proceeds from disposition of such properties. However, there can be no assurances that the Company will be able to obtain financing especially in light of the duration and impact that COVID-19 outbreak could have and the efficacy of the government and central bank interventions. These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments may be material.

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
**March 31, 2021**  
(Unaudited)

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**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020, prepared in accordance with IFRS. The accounting policies adopted in these unaudited condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited financial statement for the year ended December 31, 2020. Refer to these audited financial statements for significant accounting policies and future changes in accounting policies.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on May 28, 2021.

**Basis of Consolidation**

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Celerity Mineral Corporation (Canada), GT Subsidiary Corporation (United States), IV Subsidiary Corporation (United States), SBSL Subsidiary Corporation (United States) and TC Subsidiary Corporation (United States). The functional currency of each entity is the United States dollar. The financial statements of the subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

**3. EQUIPMENT**

<b>Cost</b>	December 31, 2019	Additions	December 31, 2020	Additions	<b>March 31, 2021</b>
Diamond Drilling Equipment	\$90,799	\$ -	\$90,799	\$ -	<b>\$90,799</b>
<b>Accumulated Depreciation</b>	December 31, 2019	Depreciation	December 31, 2020	Depreciation	<b>March 31, 2021</b>
Diamond Drilling Equipment	\$31,780	\$9,080	\$40,860	\$2,270	<b>\$43,130</b>
Carrying amount December 31, 2020					\$49,939
<b>Carrying amount March 31, 2021</b>					<b>\$47,669</b>



**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
**March 31, 2021**  
(Unaudited)

**4. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES**

Cumulative spending to date:

	December 31, 2020	Additions	March 31, 2021
Silver Bell St. Lawrence Claims, MT <sup>(a)</sup>	\$ 463,371	\$ 571	\$ 463,942
Golden Trail Claims, NV <sup>(b)</sup>	537,155	156,158	693,313
River Stage Claims, ON <sup>(c)</sup>	48,548	-	48,548
Independence Valley, NV <sup>(d)</sup>	36,698	-	36,698
Texas Canyon, NV <sup>(e)</sup>	41,253	2,000	43,253
Cost related to potential property acquisitions	56,260	65,975	122,235
	<b>\$ 1,183,285</b>	<b>\$ 224,704</b>	<b>\$ 1,407,989</b>
	December 31, 2019	Additions	December 31 2020
Silver Bell St. Lawrence Claims, MT <sup>(a)</sup>	\$ 463,040	\$ 331	\$ 463,371
Golden Trail Claims, NV <sup>(b)</sup>	501,990	35,165	537,155
River Stage Claims, ON <sup>(c)</sup>	48,548	-	48,548
Independence Valley, NV <sup>(d)</sup>	26,435	10,263	36,698
Texas Canyon, NV <sup>(e)</sup>	28,757	12,496	41,253
Cost related to potential property acquisitions	15,068	41,192	56,260
	<b>\$ 1,083,838</b>	<b>\$ 99,447</b>	<b>\$ 1,183,285</b>

(a) Silver Bell St. Lawrence

The Company holds 100% interest in the Silver Bell St. Lawrence ("SBSL") property consisting of 10 (December 31, 2020 - 10) mining claims. These claims are subject to a 2% net smelter royalty to an arms-length party.

The Company also holds 100% interest in 20 (December 31, 2020 - 20) mining claims adjacent to the northern and eastern boundaries of the SBSL property. These mining claims are called the Roar claims.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Nevada State Office) in the amount of \$165 per claim.

On March 15, 2019, the Company, through its wholly owned subsidiary, SBSL Subsidiary Corporation, signed an exploration agreement with Frederick Private Equity Corporation ("Frederick PEC") on the Silver Bell St. Lawrence Gold Project. Under the agreement, Frederick PEC may earn up to 75% interest in the Project by spending a total of US\$2,000,000 in exploration expenditures within six years and making annual option payments.

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
**March 31, 2021**  
(Unaudited)

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**4. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)**

(a) Silver Bell St. Lawrence (Cont'd)

On April 26, 2019, African Metals Corporation (“AFR”) announced that it had entered into an agreement with Frederick PEC whereby it may acquire initially a 51% interest in the Silver Bell St. Lawrence Project from Frederick PEC. As part of that transaction, AFR has agreed to expend a minimum of US\$200,000 in exploration expenditures in the first year. There is a common director between the Company and Frederick PEC and AFR who recused himself from the approval process of the transactions.

(b) Golden Trail

The Company holds 100% interest in the Golden Trail property consisting of 44 (December 31, 2020 - 44) contiguous unpatented mining claims in the Elko County region of Nevada.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Nevada State Office) and the local counties in the cumulative approximate amount of \$177 per claim.

(c) River Stage

The Company allowed its option on the River Stage Property, Rainy River, Ontario to lapse rather than make a final \$25,000 CDN option payment due in May 2019 under an option to purchase agreement on the property. The Company has no further interest in the property.

(d) Independence Valley

During July 2016, the Company acquired by staking a 38 mineral claim package comprising 785 acres and located in Elko County, Nevada, about 77 miles south of the Company’s Golden Trail Project. The mineral claim package the Independence Valley Project.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Nevada State Office) and the local county in the cumulative approximate amount of \$177 per claim.

On April 17, 2018, the Company signed an option agreement with Kinross Gold USA Inc. (“Kinross”) on the Company’s Independence Valley project in Elko County, Nevada. Under the option agreement, Kinross can earn up to a 51% interest by spending \$2,500,000 in exploration expenditures within four years, with a minimum \$200,000 in expenditures during the first year (subsequently extended to October 1, 2019). Kinross can earn a further 24% interest by spending \$1,500,000 in exploration expenditures in the two years after earning the initial 51%. Should Kinross earn the 75% interest, the parties will then fund future expenditures proportional to their interest. In the event that either party's interest is diluted to 10% or less, that party's interest shall be converted to a 2% net smelter royalty which may be bought down to 1% for \$1,000,000. Kinross has elected to terminate the option agreement, thereby returning the property 100% to Peloton, including the additional 31 claims staked by Kinross within the area of influence. These additional 31 claims were not renewed by the Company.

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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(Unaudited)

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**4. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)**

(e) Texas Canyon

During February 2018, the Company acquired by staking a 44-mineral claim package comprising approximately 909.04 acres and located in Elko County, Nevada, about five miles west of the Company's Golden Trail Project. The mineral claim package is called the Texas Canyon Project.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Nevada State Office) and the local county in the cumulative approximate amount of \$177 per claim.

**5. RECLAMATION BONDS**

As at March 31, 2021, a reclamation bond is being held by the Bureau of Land Management ("BLM") in the amount of \$17,302 (December 31, 2020 - \$17,302) on the Golden Trail property and \$13,543 (December 31, 2020 - \$13,543) on the Independence Valley property. The Company has not recorded a restoration liability as at March 31, 2021 as the Company has not yet disturbed the land at the Golden Trail property and the Independence Valley property to trigger the recognition of this liability.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The following is a breakdown of the amounts included in accounts payable:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
Trade payables	<b>\$ 17,950</b>	\$ 12,599
Accrued liabilities:		
Management and director fees	<b>398,612</b>	367,283
Audit and accounting	<b>17,017</b>	29,453
	<b>\$ 433,579</b>	\$ 409,335

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
**March 31, 2021**  
(Unaudited)

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**7. CONVERTIBLE DEBENTURE**

(a) Convertible debenture of \$100,000 USD

On August 11, 2015, the Company received \$100,000 USD (principal) from an arm's length party in exchange for a convertible debenture. The convertible debenture is due on demand upon six months' notice in writing, with such notice not to be given on or before August 11, 2020. The debenture pays interest at the rate of 4%, payable quarterly, beginning October 1, 2015 with the first payment due December 31, 2015. The convertible debenture, and all principal and interest owing, is convertible, in whole or in part, at the holder's option into units of the Company (the "Unit"). Each Unit consists of one common share and one common share purchase warrant. The conversion price of the debenture is \$0.040 (\$0.05 CDN) per Unit. Each warrant will entitle the holder to acquire one additional common share at a price of \$0.0795 (\$0.10 CDN) per share until August 11, 2020. Since the conversion into Unit did not happen by August 11, 2020, the warrant component has expired and the debenture is now only convertible into shares.

As security, the Company has pledged the diamond drill rig (Note 3).

If the common shares of the Company trade for ten consecutive days trading days on the Canadian Securities Exchange or any other stock exchange or quotation service upon which it happens to trade or be quoted at that time, at a price equal to or greater than \$0.159 (\$0.20 CDN) per share, this debenture will automatically be converted into units without any action on the part of either the Company or the holder.

(b) Valuation of debenture

The conversion rate of the units and the warrants to be issued on conversion of the above convertible debentures are not in the Company's functional currency and as a result are presented as a derivative financial liability. The Company valued the derivative financial liabilities using the Black-Scholes option pricing model and after valuing the derivative financial liabilities assigned the remaining value to the convertible debenture.

The fair value of the units of Debenture were estimated at the issuance date using the Black-Scholes pricing model with the following assumptions:

Share price	\$0.04 CDN
Expected dividend yield	Nil
Exercise price	\$0.05 - \$0.10 CDN
Risk free interest rate	0.72%
Expected life	5.0 - 5.5 years
Expected volatility (based on historical prices)	210 - 223%

On the date of issuance, the Company determined the amount relating to the units in the convertible debenture to be \$76,886.

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
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(Unaudited)

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**7. CONVERTIBLE DEBENTURE (Cont'd)**

The fair value of the units of Debenture were revalued at March 31, 2021 using the Black-Scholes option pricing model using the following assumptions:

Share price	\$0.09 CDN
Expected dividend yield	Nil
Exercise price	\$0.05 CDN
Risk free interest rate	0.22%
Expected life	0.50 year
Expected volatility (based on historical prices)	77%

On March 31, 2021, the units were revalued at \$85,118 resulting in a gain on revaluation of derivative liability of \$44,906 for the three months ended March 31, 2021.

<b>Convertible Debenture</b>	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
Principal – debenture	\$ 100,000	\$ 100,000
Derivative liability – debenture	(76,886)	(76,886)
Accretion expense	76,886	74,223
	<b>\$ 100,000</b>	<b>\$ 97,337</b>

The effective interest rate of the convertible debentures is 26.33%.

<b>Derivative Liability</b>	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
Derivative liability – debenture (fair value on issuance date)	\$ 76,886	\$ 76,886
Fair value adjustment – debenture	8,232	53,138
	<b>\$ 85,118</b>	<b>\$ 130,024</b>

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
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(Unaudited)

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**8. CAPITAL STOCK**

Authorized

Unlimited common shares

Issued and outstanding common shares

	<b>Number of Shares</b>	<b>Value</b>
<b>Balance, December 31, 2019</b>	<b>84,621,354</b>	<b>\$ 9,629,754</b>
Units issued for cash	15,439,560	860,778
Units issued for exploration services	720,000	40,543
Allocated to warrants	-	(305,467)
Share issuance costs	-	(26,134)
Exercise of warrants	637,727	60,489
<b>Balance, December 31, 2020</b>	<b>101,418,641</b>	<b>\$ 10,259,963</b>
<b>Balance, March 31, 2021</b>	<b>101,418,641</b>	<b>\$ 10,259,963</b>

There were no share movement during the three month ended March 31, 2021.

**9. STOCK OPTIONS AND WARRANTS**

**(a) Stock Options**

The Company has a Stock Option Plan (the "Plan") to provide options for the benefit of employees, directors and third parties. The maximum number of shares allocated to and made available to be issued under the Plan shall not exceed 10% of the common shares issued and outstanding (on a non-diluted basis) at any time. The exercise price of options granted under the Stock Option Plan will be determined by the directors, but will be at least equal to the closing trading price for the common shares for the last trading day prior to the grant and otherwise the fair market price as determined by the Board of Directors. The term of any option granted shall not exceed five years. Except as otherwise provided elsewhere in the Stock Option Plan, the options shall be cumulatively exercisable in installments over the option period at a rate to be fixed by the Board of Directors. The Company will not provide financial assistance to any optionee in connection with the exercise of options.

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**9. STOCK OPTIONS AND WARRANTS (Cont'd)**

**(a) Stock Options (Cont'd)**

	Period ended March 31, 2021		Year ended December 31, 2020	
	Number of Options	Weighted Average Exercise Price (CDN)	Number of Options	Weighted Average Exercise Price (CDN)
Outstanding, beginning of period	<b>9,800,000</b>	<b>\$ 0.11</b>	7,250,000	\$ 0.10
Granted	-	\$ -	2,800,000	\$ 0.13
Expired	-	\$ -	-	\$ -
Cancelled	-	\$ -	(250,000)	\$ 0.10
Outstanding, end of period	<b>9,800,000</b>	<b>\$ 0.11</b>	9,800,000	\$ 0.11
Exercisable, end of period	<b>9,800,000</b>	<b>\$ 0.11</b>	9,800,000	\$ 0.11

The Company had the following stock options outstanding at March 31, 2021:

Number of Options	Exercise Price	Expiry Date
200,000	CDN \$0.100	February 10, 2022
250,000	CDN \$0.100	April 28, 2022
2,350,000	CDN \$0.100	May 18, 2022
1,000,000	CDN \$0.120	May 30, 2023
500,000	CDN \$0.100	December 5, 2023
100,000	CDN \$0.100	February 1, 2024
2,600,000	CDN \$0.100	June 7, 2024
500,000	CDN \$0.100	June 7, 2024
150,000	CDN \$0.120	October 15, 2025
2,150,000	CDN \$0.135	December 18, 2025
<b>9,800,000</b>		

The above options were not included in the computation of diluted earnings per share as they are anti-dilutive. The weighted average remaining contractual life of these options is 2.81 years (December 31, 2020 – 3.06 years).

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**9. STOCK OPTIONS AND WARRANTS (Cont'd)**

**(b) Warrants**

The following summarizes the change in foreign currency warrants:

	<b>Period ended</b>	<b>Year ended</b>
	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Balance, beginning of period</b>	<b>\$ 1,625,276</b>	<b>\$ 831,794</b>
Fair value of warrants issued – May 7, 2020	-	54,385
Fair value of warrants issued – August 20, 2020	-	153,607
Fair value of warrants issued – October 16, 2020	-	97,475
Fair value of warrants transferred on exercise of convertible debentures	-	(10,891)
Fair value of warrants extended	-	219,668
Fair value adjustment (Note 9(b)(i))	<b>(760,886)</b>	<b>279,238</b>
<b>Balance, end of period</b>	<b>\$ 864,390</b>	<b>\$ 1,625,276</b>

(i) At March 31, 2021, the fair value of the 47,559,905 warrants outstanding was estimated at \$864,390 using the Black-Scholes pricing model with the following weighted average assumptions:

Share price	\$0.09 CDN
Expected dividend yield	Nil
Exercise price	\$0.10 - \$0.15 CDN
Risk free interest rate	0.22% - 1.10%
Expected life	1.10 years
Expected volatility (based on historical prices)	63% - 89%

At March 31, 2021, a gain on revaluation of foreign currency warrants of \$760,886 (March 31, 2020 – gain of \$332,405) was recognized in the interim unaudited consolidated statement of income and comprehensive income.



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**9. STOCK OPTIONS AND WARRANTS (Cont'd)**

**(b) Warrants (Cont'd)**

The Company had the following warrants outstanding at March 31, 2021:

<b>Number of Warrants</b>	<b>Exercise Price (CDN)</b>	<b>Expiry Date</b>
1,450,000	\$ 0.10	April 22, 2021
1,200,000	\$ 0.10	June 10, 2021
5,876,821	\$ 0.10	August 5, 2021
3,636,364	\$ 0.10	December 21, 2021
886,667	\$0.125	December 29, 2021
4,034,090	\$ 0.10	June 30, 2022
4,827,999	\$ 0.10	August 31, 2022
1,160,000	\$ 0.15	July 17, 2021
1,301,225	\$ 0.15	December 6, 2021
1,060,625	\$ 0.15	March 15, 2022
733,529	\$ 0.15	July 12, 2022
5,233,025	\$ 0.15	September 19, 2022
3,258,264	\$0.125	May 7, 2023
7,934,629	\$0.125	August 20, 2023
4,966,667	\$0.125	October 16, 2023
<b>47,559,905</b>		

**(c) Broker Warrants**

As at March 31, 2021, there were 160,000 (December 31, 2020 – 160,000) broker warrants outstanding with each broker warrant exercisable at \$0.075 until October 16, 2023 to purchase one additional private placement units consisting of one common share and one common share purchase warrant exercisable for three years at \$0.125

**10. EARNINGS PER SHARE**

The calculation of basic and diluted earnings per share for the period ended March 31, 2021 was based on the income attributable to common shareholders of \$441,747 (March 31, 2020 – \$284,963) and the weighted average number of common shares outstanding of 101,418,641 (March 31, 2020 – 84,621,354).

Diluted earnings per share did not include the effect of 9,800,000 stock options and 47,559,905 warrants outstanding as they are anti-dilutive.

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**11. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value.

Remuneration of Directors and key management of the Company was as follows:

	<b>March 31, 2021</b>	March 31, 2020
Management and director fees <sup>(i)</sup>	<b>91,448</b>	<b>60,269</b>

(i) Included in office and administrative costs in the interim consolidated statements of income and comprehensive income.

Other related party balances are listed below:

(a) Included in accounts payable and accrued liabilities is \$398,612 (December 31, 2020 - \$367,283) of amounts owing to directors and management of the Company for management and director fees.

**12. CAPITAL RISK MANAGEMENT**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes capital stock, contributed surplus, deficit and foreign currency warrants in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2021.

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**13. FINANCIAL RISK MANAGEMENT**

The Company is exposed to a variety of financial risks by virtue of its activities. In particular market risk (composed of currency risk), liquidity risk, fair value risk, interest risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

**(a) Market Risk**

(i) Currency risk

The Company operates internationally and is exposed to foreign exchange risk from the Canadian Dollar. Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

As at March 31, 2021, the Company is exposed to currency risk through the following financial assets and liabilities denominated in Canadian dollars:

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	<b>March 31, 2021 (CDN\$)</b>	December 31, 2020 (CDN\$)
Cash	<b>\$ 53,868</b>	\$ 185,229
Accounts payable and accrued liabilities	<b>\$ 534,088</b>	\$ 510,802

The above balances were translated into US dollars at the period-end rate of \$0.7952 (December 31, 2020 - \$0.7854) Canadian dollars to every US dollar.

Based on the above net exposures as at March 31, 2021, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net income of approximately \$19,000.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at March 31, 2021, the Company has current liabilities of \$533,579 (December 31, 2020 - \$506,672) due within 12 months and has cash of \$167,264 (December 31, 2020 - \$497,338) to meet its current obligations. As a result the Company has liquidity risk and is dependent on raising additional capital to fund operations.

The convertible debenture is due on demand upon six months' notice in writing but the holder has not yet submitted a notice in writing demanding payment.

**13. FINANCIAL RISK MANAGEMENT (Cont'd)**

**(c) Fair Value Risk**

The carrying values of cash, reclamation bonds, accounts payable and accrued liabilities approximate fair values due to the relatively short term maturities of these instruments. The estimated fair values of convertible debt also approximate carrying values due to the fact that effective interest rates are not significantly different from market rates. The estimated fair value of warrants are subject to fluctuations based on the inputs and assumptions used to value them.

**(d) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk is primarily related to the Company's interest bearing debt on its consolidated statement of financial position. The Company does not have any debt with variable interest rates, thereby minimizing the Company's exposure to cash flow interest rate risk.

**(e) Credit Risk**

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash. The Company reduces its credit risk by maintaining its primary bank accounts at large financial institutions.

**14. COMMITMENTS**

The Company is committed under lease agreements to the payment of amounts totaling \$1,052 until October 2021.

The Company is also required to make payments to the Bureau of Land Management to keep mining claims in good standing as noted in Note 4.

**15. SUBSEQUENT EVENTS**

In May 2021, the Company received proceeds of CDN\$200,100 for 2,668,000 units to be issued with an ascribed value of CDN\$0.075 per unit. Each unit consists of one common share and one common share purchase warrant exercisable for three years. Each warrant entitles the holder to purchase one common share at a price of CDN\$0.125. Finder's fee consisted of \$16,000 in cash and 213,440 broker warrants exercisable at \$0.075 within three years to purchase additional units consisting of one common share and one common share purchase warrants exercisable for three years at \$0.125.