Ready Set Gold Corp.

(Formerly Omni Commerce Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Ready Set Gold Corp. (formerly Omni Commerce Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
AS AT

		July 31, 2021		April 30, 2021
ASSETS				
Current assets				
Cash	$	2,126,341	$	190,898
GST receivable		116,354		161,228
Prepaid expenses and deposits		309,314		328,798
Promissory note receivable (Note 6)		963,538		-
Total current assets		3,515,547		680,924
Non-current assets				
Convertible debenture (Note 6)		-		1,777,143
Long-term deposits (Note 5)		48,186		48,186
Exploration and evaluation assets (Note 5)		9,342,496		9,315,095
Total assets	$	12,906,229	$	11,821,348
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 9)	$	153,053	$	450,079
Convertible debentures (Note 7)		1,670,858		-
Total liabilities		1,823,911		450,079
Equity				
Share capital (Note 8)		25,801,415		25,801,415
Reserves (Note 8)		4,616,093		4,003,557
Deficit		(19,335,190)		(18,433,703)
Total equity		11,082,318		11,371,269
Total liabilities and equity	$	12,906,229	$	11,821,348

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board:

"Christian Scovenna", Director *"Alex McAulay"*, Director

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

Ready Set Gold Corp. (formerly Omni Commerce Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
FOR THE THREE MONTHS ENDED JULY 31,

	2021	2020
EXPENSES		
Consulting fees (Note 9)	$ 143,595	$ 71,626
Management fees (Note 9)	118,871	15,000
Marketing	165,201	15,798
Office and miscellaneous	9,769	2,543
Insurance expenses	10,619	-
Professional fees	45,156	141,088
Share-based payments (Notes 8)	121,735	-
Transfer agent and regulatory fees	14,518	2,959
Payroll expense	42,608	-
Travel and accommodation	-	2,453
	672,072	251,467
OTHER ITEMS		
Foreign exchange gain (loss)	13,315	(5,760)
Gain (loss) on marketable securities	-	6,685
Gain (loss) on derecognition of convertible debenture (Note 6)	(359,167)	-
Sales tax recovery	16,559	-
Interest expense (Note 7)	(15,231)	-
Accretion expense (Note 7)	(16,159)	-
Interest income (Note 6)	78,943	58,134
Total other items	(281,740)	59,059
Loss for the period before taxes	(953,812)	(192,408)
Income tax recovery (Note 13)	52,325	-
Net loss and comprehensive loss	$ (901,487)	$ (192,408)
Loss per share		
Basic & diluted	$ (0.03)	$ (0.01)
Weighted average shares outstanding	30,185,169	15,749,553
Basic & diluted	30,185,169	16,789,912

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

Ready Set Gold Corp. (formerly Omni Commerce Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
FOR THE THREE MONTHS ENDED JULY 31,

		2021		2020
CASH FLOW FROM OPERATING ACTIVITIES				
Net loss for the three months ended	$	(901,487)	$	(192,408)
Items not affecting cash:				
Foreign exchange (gain) loss		(13,315)		-
Share-based payment charges		121,735		-
(Gain) loss on marketable securities		-		(6,685)
(Gain) loss on derecognition of convertible debentures		359,167		-
Reversal of bad debt provision		-		(58,134)
Interest income		(78,943)		-
Accretion expense		16,159		-
Transaction costs incurred for amalgamation		-		93,972
Changes in non-cash working capital items:				
GST receivable		44,874		2,587
Prepaid expenses and deposits		19,484		(20)
Accounts payable and accrued liabilities		(305,191)		(116,613)
Net cash used in operating activities		(737,517)		(277,301)
CASH FLOW FROM INVESTING ACTIVITIES				
Deposits made for exploration of Northshore Property		-		(60,000)
Acquisition of exploration and evaluation assets		(12,401)		-
Proceeds from promissory notes receivable		533,381		-
Net cash provided by (used in) investing activities		520,980		(60,000)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of convertible debentures		2,151,980		-
Net cash used in financing activities		2,151,980		-
Change in cash		1,935,443		(337,301)
Cash, beginning of year		190,898		1,264,356
Cash, end of three month period	$	2,126,341	$	927,055

Supplemental disclosure of cash flow information:

Non-cash investing and financing activities:				
Recognition of promissory note receivable	$	1,447,688	$	-
Derecognition of convertible debenture receivable	$	(1,806,855)	$	-

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

Ready Set Gold Corp. (formerly Omni Commerce Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share Capital							
	Common Shares		Amount	Obligation to issue shares	Reserves	Deficit		Total Equity
Balance, April 30, 2020	8,088,731	$	16,122,397	390,000	1,153,463	(16,499,406)	$	1,166,454
Shares issued for the Amalgamation	8,701,181		1,505,341	-	-	-		1,505,341
Loss for the three months ended	-		-	-	-	(192,408)		(192,408)
Balance, July 31, 2020	16,789,912	$	17,627,738	390,000	1,153,463	(16,691,814)	$	2,479,387
Balance, April 30, 2021	30,185,169	$	25,801,415	-	4,003,557	(18,433,703)	$	11,371,269
Issuance of convertible debentures	-		-	-	416,068	-		416,068
Issuance of finders’ warrants	-		-	-	74,733	-		74,733
Share-based payments	-		-	-	121,735	-		121,735
Loss for the three months ended	-		-	-	-	(901,487)		(901,487)
Balance, July 31, 2021	30,185,169	$	25,801,415	-	4,616,093	(19,335,190)	$	11,082,318

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Ready Set Gold Corp. ("Ready Set Gold" or the "Company", formerly known as Omni Commerce Corp.) is a company incorporated on April 16, 2006 under the Business Corporations Act (British Columbia) as CCT Capital Ltd., and subsequently changed its name to Mezzi Holdings Inc. on October 24, 2014. On March 28, 2018, the Company changed its name to Omni Commerce Corp. During the year ended April 30, 2018, management made the decision to exit the branded goods business and has been exploring opportunities and negotiating potential transactions in the cannabidiol ("CBD") and cannabis sectors, along with potential mining opportunities.

The Company traded on the TSX Venture Exchange (the "Exchange") under the symbol "OMNI" until it delisted effective as of the close of business on March 24, 2020. The Company is now trading on the Canadian Securities Exchange ("CSE") under the symbol "RDY". The Company's corporate office is located at Suite 220 - 333 Terminal Avenue, Vancouver, BC, Canada.

On May 11, 2020, the Company completed the amalgamation between Ready Set Gold's wholly-owned subsidiary 1230165 B.C. Ltd. ("0165") and 1204970 B.C. Ltd. ("4970") through the issuance of 8,701,180 common shares to the 4970 Shareholders. At the time of the amalgamation, 4970's net assets consisted primarily of a convertible debenture receivable with Dreamfields Brands, Inc. (Note 4 and 7).

On December 4, 2020, the Company completed the amalgamation between Ready Set Gold Corp. ("RSG ON") and its wholly-owned subsidiary 1258952 B.C. Ltd. through the issuance of 9,745,563 Ready Set Gold common shares to the RSG ON Shareholders. Refer to Note 4 for further details on the transaction. Subsequent to the amalgamation, the Company changed its name to "Ready Set Gold".

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. During the three months ended July 31, 2021, the Company incurred a net loss of $901,487 (2020 - $192,408) and as at July 31, 2021, had an accumulated deficit of $19,335,190 (April 30, 2021 - $18,433,703). As at July 31, 2021, the Company had working capital of $3,362,494 (April 30, 2021 – $230,845). The Company has not generated significant cash inflows from operations. These conditions cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate profitability and positive cash flow. These condensed interim consolidated financial statements do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and to realize its assets and liquidate its liabilities and commitments at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2021.

(Expressed in Canadian Dollars)

The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of its condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended April 30, 2021. In addition, other than noted below, the accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended April 30, 2021.

The Company's interim results are not necessarily indicative of its results for a full year.

These condensed interim consolidated financial statements were authorized and issued by the Board of Directors on September 29, 2021.

Principles of Consolidation

These condensed interim consolidated financial statements are presented on a consolidated basis and include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

		Percentage Owned	
Entity	Place of Incorporation	July 31, 2021	April 30, 2021
1249319 BC Ltd.	British Columbia, Canada	100%	100%
Ready Set Gold ON Ltd.	British Columbia, Canada	100%	100%
8918627 Canada Ltd.	British Columbia, Canada	100%	100%
Omni Merger Sub Inc.	California, United States	100%	100%

All intercompany transactions and balances have been eliminated on consolidation.

Significant Accounting Judgements and Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates appears throughout the condensed interim consolidated financial statements and may require adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other relevant factors that are believed to be reasonable under the circumstances.

<u>Significant accounting judgments</u>

Management must make judgments given the various options available as per accounting standards for items included in the condensed interim consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. A summary of items involving management judgment include, but are not limited to:

i) Recognition of deferred income tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

ii) The determination of the Company's and its subsidiaries' functional currency – The functional currency determination will be based on management's assessment of the primary economic environment in which the entities operate. The functional and reporting currency of the Company is the Canadian dollar.

iii) Assessment of the Company's ability to continue as a going concern – The assessment involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

<u>Critical accounting estimates</u>

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Share-based payments – The fair value of share-based payments is determined using the Black-Scholes option pricing model. This option pricing model requires the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

ii) Impairment – At least annually or whenever there is an indicator for impairment management evaluates the recoverable amount of its exploration and evaluation assets. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property interests. The Company uses several criteria in its assessments of economic recoverability and profitability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities, existing permits, and ability to continue development. Management has determined that there are no indicators of impairment on its exploration and evaluations interests.

iii) Convertible debentures – The determination of the carrying value of the convertible debentures on initial issuance is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended April 30, 2021. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2021

Convertible Debentures

Upon initial recognition, the Company determines whether the convertible debentures consist of liability and equity components. For convertible debentures which provide conversion into a fixed number of shares, the liability component is initially recorded at fair value and subsequently at amortized cost using the effective interest rate method. The liability component is accreted to the face value over the term of the convertible debenture. The equity component is recognized as the difference between the fair value of the instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amount.

(Expressed in Canadian Dollars)

4. AMALGAMATIONS

Dreamfields Brands

On September 18, 2019, the Company entered into a definitive transaction agreement (the "Dreamfields Definitive Agreement") with Dreamfields Brands, Inc. ("Dreamfields"), a California-based vertically-integrated cannabis manufacturing, distribution, branding, sales and events company. The Dreamfields Definitive Agreement provided that, subject to the satisfaction of certain conditions precedent, including applicable regulatory and stock exchange approvals, Dreamfields would complete a reverse takeover of the Company, pursuant to which the business of Dreamfields will become the business of the Company.

On April 3, 2020, the Company entered into an amalgamation agreement with a wholly-owned subsidiary of Ready Set Gold ("Ready Set Subco") and 1204970 B.C. Ltd. ("4970"), a private British Columbia corporation which is a creditor to Dreamfields, whereby 4970 will become a wholly-owned subsidiary of Ready Set Gold by way of a "three-cornered amalgamation" (the "Amalgamation"). Upon completion of the Amalgamation, all of the issued and outstanding common shares in the capital of 4970 (the "4970 Shares") held by the holders of the 4970 Shares (the "4970 Shareholders") will be cancelled and replaced by the issued shares of the Company.

On April 27, 2020, the Company announced the Dreamfields Definitive Agreement had expired as Dreamfields had not delivered its audited financial statements to the Company and the Company determined that it would not proceed with the contemplated transaction.

On May 11, 2020, the Company completed the Amalgamation between Ready Set Subco and 4970 and issued 8,701,180 common shares to the 4970 Shareholders. The Company also expensed transaction costs of $93,971 as professional fees which were previously capitalized as deferred transaction costs. Upon completion of the Amalgamation, 4970 became a wholly-owned subsidiary of the Company.

At the time of the Amalgamation, 4970's net assets consisted primarily of a convertible debenture receivable with Dreamfields (the "Convertible Debenture") (Note 7), and it did not have any processes capable of generating outputs; therefore, 4970 did not meet the definition of a business. Accordingly, as 4970 did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the amalgamation did not constitute a business combination and has been accounted for as an asset acquisition.

The Company's shares had been delisted since March 24, 2020, accordingly the fair value of the shares of the Company is not readily determinable. Management has determined the best estimate of fair value is represented by the fair value of the net assets acquired of 4970 in accordance with IFRS 2 *Share-based payments*, determined as follows.

Fair value of identifiable net assets acquired		
Convertible Debenture	$	1,531,023
Accounts payable and accrued liabilities		(25,681)
	$	1,505,342
Total consideration paid		
8,701,180 common shares	$	1,505,342

Ready Set Gold

On December 4, 2020, the Company entered into a share exchange agreement for RSG ON. Under the agreement, the Company was to exchange one common share for each RSG ON share held by shareholders of RSG ON, for a total of 9,745,563 shares. Furthermore, each warrant outstanding of RSG ON was exchanged for an equivalent warrant of the Company with the same terms. As a result, 4,696,796 warrants were issued subject to the merger.

(Expressed in Canadian Dollars)

At the time of the acquisition, RSG ON had assets and liabilities consisting of cash, prepaid expenses, exploration and evaluation assets, accounts receivable and payable and a flowthrough premium liability. RSG ON did not have any outputs that would result in it meeting the definition of a business. Since RSG ON did not qualify as a business under IFRS 3 *Business Combinations*, the acquisition did not constitute a business combination and has been accounted for as an asset acquisition. As such, the purchase premium was allocated to the exploration and evaluation assets based on their value in comparison to RSG ON's other assets.

The Company's shares had been delisted since March 24, 2020, accordingly the fair value of the shares of the Company were not readily determinable. The shares were deemed to have a share price of $0.60 per share based on recent financing completed by RSG ON. The replacement warrants issued as part of the exchange consideration were determined to have a fair value of $2,081,252 based on the Black-Scholes option pricing model with the following inputs: share price of $0.60, exercise price of $0.60 - $1.00, expected life of 1.8 – 1.9 years, volatility of 185% and risk-free interest rate of 0.24%. These inputs were determined based on the terms outlined in the respective agreements, comparable company share prices and publicly available interest rate information.

Fair value of identifiable net assets acquired		
Cash	$	1,433,414
Prepaid expenses and deposits		910,453
Exploration and evaluation assets		5,849,705
Accounts receivable		2,668
Accounts payable and accrued liabilities		(280,850)
Flow-through premium liability		(48,000)
Due to Ready Set Gold Corp. (formerly, Omni Commerce Corp.)		61,199
	$	7,928,589
Total consideration paid		
9,745,563 common shares and 4,696,796 warrants	$	7,928,589

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

The following table summarizes costs of expenditures on exploration and evaluation assets for the three months ended July 31, 2021 and the year ended and April 30, 2021.

Acquisition costs		North Shore	Schreiber, Thunder Bay	Hemlo Eastern Flank	Emmons Peak	Total
Balance at April 30, 2020	$	-	-	-	-	-
Additions		2,505,000	25,000	5,837,705	12,000	8,379,705
Balance at April 30, 2021	**$**	**2,505,000**	**25,000**	**5,837,705**	**12,000**	**8,379,705**
Balance at July 31, 2021	**$**	**2,505,000**	**25,000**	**5,837,705**	**12,000**	**8,379,705**

Exploration costs		North Shore	Schreiber, Thunder Bay	Hemlo Eastern Flank	Emmons Peak	Total
Balance at April 30, 2020	$	-	-	-	-	-
Geological consulting		299,605	-	-	-	299,605
Sampling		32,352	-	-	-	32,352
Magnetic survey		34,500	-	-	-	34,500
Equipment expenses		42,376	-	-	-	42,376
Drilling		483,057		-	-	483,057
Finder's fees		43,500	-	-	-	43,500
Balance at April 30, 2021	**$**	**935,390**	**-**	**-**	**-**	**935,390**
Geological consulting		10,568	-	-	-	10,568
Sampling		2,766	-	-	-	2,766
Magnetic survey		6,623	-	-	-	6,623
Drilling		7,444	-	-	-	7,444
Balance at July 31, 2021	**$**	**962,791**	**-**	**-**	**-**	**962,791**

NET BOOK VALUE						
Balance at April 30, 2021	**$**	**3,440,390**	**25,000**	**5,837,705**	**12,000**	**9,315,095**
Balance at July 31, 2021	**$**	**3,467,791**	**25,000**	**5,837,705**	**12,000**	**9,342,496**

The Company paid a $75,000 deposit to a vendor for drilling work on the North Shore property. The deposit will be deducted from future drilling invoices until fully applied. As at July 31, 2021, the Company had a remaining deposit balance of $48,186.

North Shore Property

CBLT Inc.

On April 24, 2020, the Company entered into a letter of intent (the "CBLT LOI") with CBLT Inc. ("CBLT"). The Company agreed to acquire CBLT's right, title and interest in and to its 56% joint venture interest in the Northshore Gold Property (the "Northshore Property"), located in the Schreiber-Hemlo Greenstone Belt, 115 km west of Hemlo and 200 km east of Thunder Bay, on the terms in the CBLT LOI.

On June 1, 2020, the Company signed a definitive agreement to acquire the Northshore property. Both parties agreed on the following consideration for a total of $1,450,000:

- Payment of $25,000 in cash consideration as a non-refundable deposit, which was paid by the Company in connection with the entry into the letter of intent;
- Payment of $25,000 in cash consideration as a non-refundable deposit, which was paid by the Company in connection with the execution of the definitive agreement;
- Payment of $300,000 in cash consideration, which was due on the Closing date; and
- Issuance of $1,100,000 worth of common shares in the capital of the Company (each, an "Ready Set Gold Share") at a price equal to the price of the Sub Receipts (as defined below) (collectively, the "Consideration Shares") on the Closing date.

In addition, under the terms of the agreement, the Company agreed to consolidate its total issued and outstanding common shares on the basis of five pre-consolidation Ready Set Gold Shares for one post-consolidation Ready Set Gold Share (collectively, the "Consolidation") prior to Closing. The Company also agreed to raise gross proceeds of not less than $1.5 million through the private placement (the "Financing") of subscription receipts of Ready Set Gold (each, a "Sub Receipt"). Each Sub Receipt will be issued at a subscription price of $0.60 per Sub Receipt and will automatically convert into units of the Company (each, a "Unit") in the event of the occurrence of the Escrow Release Condition (as defined herein) with each Unit comprised of one Ready Set Gold Share and one common share purchase warrant (each, a "Financing Warrant"), with each Financing Warrant entitling the holder to acquire one additional Ready Set Gold Share at an exercise price of $1.00 per post-consolidation Ready Set Gold Share for a period of 2 years from the date of issuance of the Financing Warrant. The Escrow Release Condition is the satisfaction or waiver of all conditions precedent to the Closing date.

As part of the closing of the transactions, CBLT waived the requirements for the Company to complete the Consolidation and the Financing.

On August 18, 2020, the Company completed the acquisition of CBLT's 56% interest in the Northshore Property and made a cash payment of $300,000 and issued 1,833,333 Ready Set Gold shares with a fair value of $1,100,000. In connection with the transaction, the Company issued 72,500 common shares of the Company at total fair value of $43,500 to an arm's length finder.

All of the Consideration Shares are subject to the terms of a voluntary escrow agreement dated August 18, 2020, which terms include the release of 25% of the Consideration Shares from escrow on each of the days which is four, six, eight and 12 months after the closing of the transaction. The voluntary escrow will be in addition to and any resale restrictions imposed under applicable securities laws. The finder's shares are subject to a hold period expiring four months and one day from the closing of the transaction.

<u>Balmoral Resources Ltd.</u>

On June 11, 2020, the Company entered into a signed definitive agreement with Balmoral Resources Ltd. to obtain the remaining 44% of the Northshore property giving the Company 100% ownership. The Company paid $17,500 upon signing of an LOI and paid an additional $17,500 upon the signing of the definitive agreement on June 22, 2020.

In addition to these deposits, the Company has agreed to consideration of:

- Payment of $220,000 in cash consideration in addition to the deposits;
- Agreed to consolidate common shares on the basis of five pre-consolidation shares for one share prior to Closing;
- Issuance of 1,333,333 common shares of the Company; and
- Agreed to complete the Financing described above.

Balmoral also waived the requirements for the Company to complete the Consolidation and the Financing on Closing.

On August 31, 2020, the Company completed the acquisition of Balmoral's 44% interest in the Northshore Property and made a cash payment of $220,000 and issued 1,333,333 common shares in the capital of the Company with a fair value of $800,000. Subsequent to the acquisition, the Company officially holds 100% interest in the Northshore property.

Schreiber Area, Thunder Bay

On August 14, 2020, the Company entered into a purchase agreement with Trillium Mining Corp. to purchase a 100% owned interest in mining rights of 11 contiguous claims comprising a total of 233.963 hectares located in the Schreiber Area of Thunder Bay Mining Division, Ontario. The Company has agreed to pay Trillium Mining Corp. a cash consideration of $25,000. During the year ended April 30, 2021, the Company made payment in full to the vendor. As at July 31, 2021, all the claims are in good standing.

Hemlo Eastern Flanks Project

As a result of its amalgamation activity, the Company acquired Ready Set Gold's 100% undivided interest in the Hemlo Eastern Flanks property. $5,837,705 of the consideration issued to complete the Company's amalgamation with RSG ON was allocated to this property (Note 4).

Emmons Peak Project

On June 26, 2020, prior to its amalgamation, Ready Set Gold entered into an option agreement to acquire a 100% undivided interest in the Emmons Peak Project. This property was located 50 km south of Dryden, ON. In order to exercise the Option Agreement, the Company must make the following payments:

- Cash payment of $12,000 five days from execution of the Option Agreement – paid;
- Cash payment of $15,000 and 40,000 shares on the first anniversary of the Option Agreement – outstanding;
- Cash payment of $20,000 and 40,000 shares on the second anniversary of the Option Agreement;
- Cash payment of $28,000 on the third anniversary of the Option Agreement.

6. PROMISSORY NOTE RECEIVABLE

The Company's subsidiary, 4970, held a Convertible Debenture receivable from Dreamfields in the principal amount of $1,643,736. The Convertible Debenture bears interest at 8% per annum and matures on October 28, 2021. The principal amount and any accrued interest are convertible into common shares of Dreamfields at a conversion price of $0.09580355 per share at the option of 4970 at any time.

At the time of the Amalgamation, the fair value of the Convertible Debenture was estimated to be $1,531,023 by discounting the expected future cash flows using an estimated fair value interest rate of 15%. This interest rate was based on other companies of comparable size with similar risk profiles.

On June 10, 2021, the Company agreed to replace the Convertible Debenture issued by Dreamfields with a Promissory Note receivable of USD$1,259,064 (CDN$1,523,945). The new note bears interest at 8% per annum and matures on October 28, 2021. No interest is accrued if the scheduled payments are made on time. On the replacement date, the Company derecognized the Convertible Debenture, then with a carrying value of $1,806,855, and recognized the Promissory Note at its fair value of $1,447,688. The fair value of the Promissory Note was determined by discounting the expected future cash flows using an estimated fair value interest rate of 15%. The Company recognized a loss of $359,167 on the conversion of the Convertible Debenture receivable to the Promissory Note receivable

During the three months ended July 31, 2021, the Company recognized an aggregate of $78,943 (2020 - $58,134) as interest income. Interest income consisted of $49,231 (2020 - $Nil) from the Promissory Note receivable and $29,712 (2020 - $58,134) from the Convertible Debenture prior to derecognition. As at July 31, 2021, the carrying value of the Promissory Note receivable was $963,538 (Convertible Debenture as at April 30, 2021 - $1,777,143).

(Expressed in Canadian Dollars)

Management has assessed that the Promissory Note is fully collectable as at July 31, 2021.

7. CONVERTIBLE DEBENTURES

Issuance during the three months ended July 31, 2021

a) Tranche 1

June 21, 2021 – unsecured convertible debentures for gross proceeds of $1,820,000.

b) Tranche 2

July 28, 2021 – unsecured convertible debentures for gross proceeds of $441,000.

These convertible debentures bear interest at a rate of 7.5% per annum, payable annually, up to and including the maturity date which is three years from the date of issuance. The principal amount of the debentures may be converted, in whole or in part, at any time before the maturity date into units at $0.27 per common share. After 24 months from the closing date, if the common shares trade at or above $0.90 or 233% of the conversion price on a 30-day volume-weighted average price basis on the CSE, the Company shall have the right, exercisable within 10 business days of the end of the trading period, to require conversion of the debentures into debenture shares at the conversion price by giving the holder 10 business days' prior written notice. Attached to each unit of the debentures is 3,334 common share purchase warrants. Each warrant will be exercisable at a price of $0.47 per warrant share for a period of three years from the date of issuance.

These debentures were determined to be a financial instrument comprising an equity classified conversion feature with a host debt component. On initial recognition, the Company used the residual value method to allocate the principal amount of the debentures between the two components. The host debt component was first valued, based on similar debt securities without an embedded conversion feature and the residual was allocated to the equity-classified conversion feature. The equity-classified conversion feature was also split into the warrant portion and the common share portion (Note 8).

In connection with the issuance of the debentures, the Company:

a) Issued an aggregate of 385,673 finders' warrants, valued at $74,733 based on their grant date fair value determined using the Black-Scholes Option Pricing Model (Note 8).

b) Incurred $115,500 in directly attributable cash transaction costs for finders' fees.

A continuity of the Company's convertible debenture is as follows:

		2021 Debentures
Balance, April 30, 2020	$	-
Balance, April 30, 2021	$	-
Issued during the year		2,261,000
Conversion feature		(244,240)
Warrants		(210,051)
Transaction costs		(152,010)
Accretion		16,159
Balance, July 31, 2021	$	1,670,858

(Expressed in Canadian Dollars)

The following is a schedule of future minimum repayments of convertible debentures as of July 31, 2021:

2021	$	-
2022		-
2023		-
2024		2,261,000
	$	2,261,000

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of voting common shares without par value.
Unlimited number of preferred shares without par value.

b) Issued share capital

As at July 31, 2021, the Company had 30,185,169 common shares issued and outstanding (April 30, 2021 – 30,185,169). 2,087,466 shares were held in escrow at July 31, 2021.

During the three months ended July 31, 2021:

The Company had no share capital activity.

During the three months ended July 31, 2020:

The Company issued 8,701,181 common shares with an estimated fair value of $1,505,341 in conjunction with amalgamations (Note 4).

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company.

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, April 30, 2020	768,500	$	0.94
Expired	(3,500)		(1.00)
Granted	2,080,000		0.60
Balance, April 30, 2021	2,845,000		0.69
Expired	(1,083,750)		(0.84)
Granted	600,000		0.25
Balance, July 31, 2021	2,361,250	$	0.51
Number of options, exercisable	1,121,250	$	0.60

(Expressed in Canadian Dollars)

As at July 31, 2021, the following stock options were outstanding and exercisable:

Outstanding Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date
31,250	31,250	$ 0.60	May 25, 2022
225,000	225,000	$ 0.60	June 11, 2022
780,000	390,000	$ 0.60	December 4, 2022
225,000	225,000	$ 0.60	January 7, 2023
500,000	250,000	$ 0.60	December 4, 2025
250,000	-	$ 0.25	May 19, 2026
150,000	-	$ 0.25	June 1, 2026
200,000	-	$ 0.25	June 14, 2026
2,361,250	1,121,250		

The Company granted 600,000 options (2020 - Nil); 250,000 of the options vest quarterly over a period of one year following the grant date of May 25, 2021. 150,000 of the options vest quarterly over a period of one year following the grant date of June 1, 2021, and 200,000 of the options vest quarterly over a period of one year following the grant date of June 14, 2021. The options were valued using the Black-Scholes option pricing model with the following inputs: share price of $0.21, exercise price of $0.25, expected life of 5 years, volatility of 212% – 216% and risk-free interest rate of 0.73% – 0.79%. These inputs were determined based on the terms outlined in the respective option agreements, the Company's share prices and publicly available interest rate information. The Company recognized $121,735 (2020 - $Nil) in share-based compensation during the three months ended July 31, 2021.

During the three months ended July 31, 2021, 256,250 options of several directors that resigned were modified to expire one year after the date of resignation. No incremental share-based payment expense was recognized in association with this modification to the options decreasing in value post-modification.

As of July 31, 2021, the weighted average remaining contractual life of outstanding options is 2.82 years (April 30, 2021 – 2.44 years).

d) Warrants

As at July 31, 2021, warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2020	-	$ -
Granted	4,696,796	1.00
Expired / Forfeited	-	-
Balance, April 30, 2021	4,696,796	$ 1.00
Granted	7,923,847	0.47
Expired / Forfeited	-	-
Balance, July 31, 2021	12,620,643	$ 0.67

The Company granted 7,538,174 warrants (2020 - Nil) during the three months ended July 31, 2021 pursuant to the issuance of the convertible debentures (Note 7). A value of $192,371 (2020 - $Nil) was assigned to the warrants based on their proportion of the equity component of the convertible debenture reserve. This proportion was determined based on the relative fair value of the warrants relative to the value of the convertible debenture conversion feature. The fair value for these warrants was valued using the Black Scholes option pricing model with the following inputs: share price of $0.19 - $0.24, exercise price of $0.27, expected life of 3 years, volatility of 179% - 180% and risk-free interest rate of 0.38% - 0.44%.

(Expressed in Canadian Dollars)

The Company also granted 385,673 finders' warrants in conjunction with the convertible debenture financing. The finders' warrants were valued at $74,733 using the Black-Scholes option pricing model with the following inputs: share price of $0.19 - $0.24, exercise price of $0.47, expected life of 3 years, volatility of 179% - 180% and risk-free interest rate of 0.38% - 0.44%.

These Black Scholes inputs were determined based on the terms outlined in the respective warrant agreements, the Company's share prices and publicly available interest rate information.

As of July 31, 2021, the weighted average remaining contractual life of outstanding warrants is 2.28 years (2020 – 1.47 years).

e) Reserves

As at July 31, 2021, the Company had the following reserves:

		Share-based Payments	Convertible Debenture Conversion Feature	Total
Balance, April 30, 2020	$	1,153,463	-	1,153,463
Shares and warrants issued For amalgamations		2,081,252	-	2,081,252
Share-based payments		768,842	-	768,842
Balance at April 30, 2021	**$**	4,003,557	-	4,003,557
Issuance of convertible debentures		192,371	223,697	416,068
Issuance of finders' warrants		74,733	-	74,733
Share-based payments		121,735	-	121,735
Balance at July 31, 2021	**$**	4,392,396	223,697	4,616,093

9. RELATED PARTY BALANCES AND TRANSACTIONS

The Company has determined that key management personnel consists of the Company's Board of Directors and its executive officers. During the three months ended July 31, 2021 and 2020, the Company incurred the following fees charged by directors and officers and companies controlled by directors and officers of the Company:

	Nature of transactions		2021		2020
<u>Key management personnel:</u>					
A company controlled by the former CFO	Management	$	-	$	15,000
A company controlled by current CFO	Management		38,871		-
Former directors	Consulting		7,600		
Former CEO, former director	Consulting		4,100		
Current CEO and director	Management		80,000		-
Current directors	Consulting		28,406		-
Total		$	158,977	$	15,000

In addition to management and consulting fees, $135,985 (2020 - $Nil) in share-based compensation expenses were incurred by the Company in relation to an aggregate of 1,675,000 options (2020 – Nil) owned by directors and officers of the Company during the three months ended July 31, 2021, of which 600,000 options (2020 – Nil) were granted.

(Expressed in Canadian Dollars)

At July 31, 2021, $49,945 (April 30, 2021 - $47,037) was owed to related parties for management and consulting fees payable. These amounts are non-interest bearing, unsecured and due on demand.

10. FINANCIAL INSTRUMENTS AND RISK

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company’s primary financial instruments are classified as follows:

Financial instruments	Classifications
Cash	Fair Value through Profit and Loss
Promissory notes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Convertible debentures	Amortized Cost

The fair value of accounts payable and accrued liabilities approximates its carrying amount due to the short-term nature. The carrying value of the Company’s promissory note receivable approximates its fair value due to minimal changes in interest rates and the Company’s credit risk issuance of the instruments. The carrying value of the Company’s convertible debenture approximates its fair value due to minimal changes in interest rates. Cash is measured at fair value using level 1 inputs.

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

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will cause a financial loss to the Company by failing to meet its obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and the promissory note receivable. The Company limits its exposure to credit risk with respect to cash by holding it with major Canadian financial institutions. The credit risk of the Company's promissory note receivable is mitigated due to the notes short-term nature.

Liquidity risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2021, the Company had a cash balance of $2,126,341 (April 30, 2021 - $190,898) to settle current liabilities of $153,053 (April 30, 2021 - $450,079). All of the Company’s financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

(Expressed in Canadian Dollars)

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company has cash balances and a promissory note and convertible debenture that bear interest at 8% per annum. The Company is satisfied with the credit ratings of its banks and the interest rate on the promissory note and convertible debenture is fixed. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is exposed to foreign exchange rate risk on its foreign currency denominated cash, and promissory note receivable.

The following table summarizes these Company's foreign denominated financial instruments:

		July 31, 2021		April 30, 2021
Cash	$	441,967	$	1,614
Promissory note receivable		772,561		-
Net position	$	1,214,528	$	1,614

The Company does not have a formal policy to mitigate risks arising from changes in foreign currency exchange rates. Based on the balances as at July 31, 2021, fluctuations in the Canadian dollar and US dollar exchange rates could have a potentially significant impact on the Company's results from operations. Assuming all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar would result in a $137,705 change in profit or loss.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company was not affected by other price risk during the three months ended July 31, 2021.

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its capital, which comprises all components of equity (i.e., share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the three months ended July 31, 2021.

12. SEGMENTED INFORMATION

During the three months ended July 31, 2021, the Company continues its business in the mining sector. All long-term assets are located in Canada.

13. INCOME TAXES

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. During the three months ended July 31, 2021, the Company recognized a current income tax recovery of $52,325 (2020 - $Nil).