CAT Strategic Metals Corporation

Financial Statements

June 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of the 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 have been prepared by management, and were not reviewed by the Company's independent auditor.

CAT STRATEGIC METALS CORPORATION

Statements of Consolidated Financial Position

(Unaudited - expressed in Canadian Dollars)

	Note	June 30, 2021	December 31, 2020
		$	$
Assets			
Current assets			
Cash		1,343,761	19,472
Prepayments		124,914	229
Shares subscription receivable	9	80,000	–
Amounts receivable		21,631	27,162
		1,570,306	46,863
Non-current assets			
Equipment	6	19,668	749
Total assets		1,589,974	47,612
Liabilities and Shareholders' Deficiency			
Current liabilities			
Accounts payable and accrued liabilities	7	96,088	352,185
Due to related parties	8	165,532	270,688
Flow-through shares premium liability	11	72,806	–
		334,426	622,873
Shareholders' deficiency			
Share capital	9	10,181,756	6,014,902
Share-based reserve	9	1,317,219	448,571
Loan reserve		61,994	61,994
Foreign currency reserve		4,253	3,135
Deficit		(10,309,674)	(7,103,863)
		1,255,548	(575,261)
Total shareholders' deficiency and liabilities		1,589,974	47,612

Nature and continuance of operations (Note 1)

Approved and authorized for issuance by the board of directors on August 23, 2021

"Robert Rosner" *"Luis Martins"*

Robert Rosner, Director Luis Martins, Director

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

CAT STRATEGIC METALS CORPORATION

Consolidated Statements of Comprehensive Income (loss)

(Unaudited - expressed in Canadian Dollars)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Expenses		$	$	$	$
Advertising and promotion		58,112	–	169,649	–
Amortization		75	124	149	249
Consulting		46,011	64,373	70,844	104,373
Exploration and evaluation	4	76,064	–	2,320,162	–
Foreign exchange (gain)/loss		2,035	–	2,380	11
Management fees		67,755	–	124,727	–
Listing and filing fees		15,311	4,244	17,967	21,102
Office and administration		2,842	2,307	8,461	2,844
Occupancy fees		6,173	6,000	10,743	12,000
Professional fees		6,488	29,857	26,139	35,862
Shareholders' communication		13,464	–	14,673	–
Share-based compensation	9	–	–	419,800	–
Travel		(34)	11,888	2,215	11,891
Loss before the following:		(298,061)	(118,793)	(3,191,674)	(188,332)
Finance fees		–	–	29	60
Gain of sale of royalty stream		–	–	–	75,000
Impairment in long-term investment		–	–	(14,166)	–
Income (loss) for the period		(298,061)	(118,793)	(3,205,811)	(113,272)
Foreign currency translation		(34)	–	1,118	–
Income (loss) and other comprehensive income (loss)		(298,095)	(118,793)	(3,204,693)	(113,272)
Loss per share, basic and diluted		(0.00)	(0.00)	(0.02)	(0.00)
Weighted average number of common shares outstanding		187,439,009	50,922,310	163,708,145	51,092,640

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

CAT STRATEGIC METALS CORPORATION

Consolidated Statements of Changes in Shareholders' Deficiency

(Unaudited - expressed in Canadian Dollars except for number of shares)

	Number of Outstanding Shares	Share Capital	Loan Reserve	Warrant reserve	Share-based reserve	Foreign currency translation Reserve	Deficit	Shareholders' (deficiency)
		$	$	$	$	$	$	$
Balance, December 31, 2019	51,922,310	3,899,270	61,994	111,431	337,140	–	(5,056,856)	(647,021)
Cancellation of shares issued	(1,000,000)	–	–	–	–	–	–	–
Comprehensive loss for the period	–	–	–	–	–	–	(113,272)	(113,272)
Balance, June 30, 2020	50,922,310	3,899,270	61,994	111,431	337,140	–	(5,170,128)	(760,293)
Balance, December 31, 2020	126,146,310	6,014,902	61,994	111,431	337,140	3,135	(7,103,863)	(575,261)
Private placement at $0.08 per unit	25,550,000	1,746,804	–	297,196	–	–	–	2,044,000
Share issuance costs - Private placement at $0.08 per unit	–	(117,008)	–	40,366	–	–	–	(76,642)
Flow-through private placement at $0.09 per unit	7,280,556	489,125	–	93,319	–	–	–	582,444
Share issuance costs - Flow-through private placement at $0.09 per unit	–	(62,067)	–	17,967	–	–	–	(44,100)
Shares issued for mineral property acquisition	29,500,000	2,085,000	–	–	–	–	–	2,085,000
Exercise of warrants at $0.05	500,000	25,000	–	–	–	–	–	25,000
Share-based compensation	–	–	–	–	419,800		–	419,800
Comprehensive loss for the period	–	–	–	–	–	1,118	(3,205,811)	(3,204,693)
Balance, June 30, 2021	188,976,866	10,181,756	61,994	560,279	756,940	4,253	(10,309,674)	1,255,548

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

CAT STRATEGIC METALS CORPORATION

Consolidated Statements of Cash Flows

(Unaudited - expressed in Canadian Dollars)

	June 30, 2021	June 30, 2020
	$	$
Operating activities		
Income (loss) for the period	(3,205,811)	(113,272)
Items not involving cash:		
Share-based compensation	419,800	–
Amortization	149	249
Amortization included in exploration and evaluation expenditures	994	–
Share issued for exploration and evaluation acquisition costs	2,085,000	–
Gain on sale of mineral property interest	–	(75,000)
Changes in non-cash operating working capital		
Amounts receivable	5,531	22,814
Prepayments	(124,685)	–
Due to related parties	(105,156)	146,004
Accounts payable and accrued liabilities	(256,088)	8,676
Cash (used for) operating activities	(1,180,266)	(10,529)
Financing activities		
Net proceeds from units issued for cash	2,523,508	–
Loan advance from related party	–	10,000
Cash provided by financing activities	2,523,508	10,000
Increase in cash	1,323,171	(529)
Effect of exchange rate fluctuations on cash held	1,118	–
Cash, beginning of year	19,472	661
Cash, end of the period	1,343,761	132

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

1. NATURE AND CONTINUANCE OF OPERATIONS

CAT Strategic Metals Corporation (formerly Chimata Gold Corp.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 16, 2010. The common shares of the Company began trading on TSX Venture Exchange ("TSXV") on September 16, 2011 under the symbol "CAT", and on the Frankfurt Exchange on July 29, 2014 under the symbol "8CH". Effective June 14, 2018, the Company's shares were transferred from TSXV to the Canadian Securities Exchange ("CSE") under the symbol "CAT". The decision to move the listing of its common shares from the TSXV to the CSE was taken by the Company as it deems that the CSE may be a more suitable stock exchange with respect to its development and its future expansion. Effective May 6, 2019, the Company's shares were halted for trading due to corporate reorganization. The trading of the Company's shares was subsequently resumed on May 6, 2020. The Company's principal activity is the acquisition and exploration of mineral properties.

On February 14, 2019, the Company changed its name to CAT Strategic Metals Corporation from Chimata Gold Corp.

The registered records office and place of business of the Company is 1010 – 789 West Pender Street, Vancouver, BC V6C 1H2.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of an exploration and evaluation asset, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. As at June 30, 2021, the Company had not advanced any exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from related parties and/or private placement of common shares.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended December 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

The financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments which are measured at fair value. The financial statements are presented in Canadian dollars.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries (collectively, the "Company"). Intercompany balances and transactions are eliminated in preparing the consolidated financial statements. The following companies have been consolidated within these consolidated financial statements:

Entity	Country of Incorporation	Voting Control	Functional Currency
CAT Strategic Metals Corporation	Canada	Parent Company	Canadian Dollar
1242006 B.C. Ltd.	Canada	100%	Canadian Dollar
Grand Mines Ltd.	Canada	100%	Canadian Dollar
CAT Strategic (Nevada) Inc.	USA	100%	US Dollar

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification of expenditures as exploration and evaluation expenditures or operating expenses.

Accounting for Leases

On January 13, 2016, IASB issued IFRS 16, Leases ("IFRS 16"), which superseded IAS 17, Leases ("IAS 17"). IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. Lessor accounting, however, remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. IAS 17, as revised, now prescribes the accounting policies and disclosures applicable to leases, both for lessees and lessors.

The Company concluded that the adoption of IFRS 16 had no material impact on its financial statements given the extent of its current use of leases in the ordinary course of business.

4. EXPLORATION AND EVALUATION ASSETS

	Burntland New Brunswick, Canada	South Preston Saskatchewan, Canada	BAM BC, Canada	Rimrock Nevada, USA	Gold Jackpot Nevada, USA	Total
	$	$	$	$	$	$
Balance, December 31, 2019 & June 30, 2020	-	-	-	-	-	-
Balance, December 31, 2020	**875,000**	**-**	**20,039**	**804,629**	**-**	**1,699,668**
Acquisition Costs - Shares issuance	-	1,925,000	-	-	160,000	2,085,000
Acquisition Costs - Cash payment	-	75,000	-	-	18,990	93,990
Exploration Costs	-	-	-	93,298	47,872	141,170
Balance, June 30, 2021	**875,000**	**2,000,000**	**20,039**	**897,927**	**226,862**	**4,019,828**

a) South Preston, Saskatchewan, Canada

On February 15, 2021, the Company entered into a binding letter agreement with Grand Mines Ltd ("Grand Mines") which owns a 100% undivided interest in the South Preston Uranium Property located in Saskatchewan, Canada (the "Grand Mines Agreement"). On March 15, 2021, the Company entered into a definitive agreement with Grand Mines Ltd ("Grand Mines"), and acquired 100% of the issued and outstanding shares of Grand Mines by way of three-cornered amalgamation (the "Grand Mines Agreement"), in consideration of the issuance of 27,500,000 common shares ("Shares") of the Company issued at a deemed value of $0.07 per Share and the payment of $50,000 (paid). The Company has also assumed responsibility for a pre- existing 2% royalty on the South Preston Uranium Project.

On February 16, 2021, the Company purchased additional claims related to the South Preston Uranium Property by making a cash payment of $25,000 (paid).

b) Gold Jackpot, Nevada, USA

On January 21, 2021, the Company entered into an exploration and option agreement (the "Agreement") for the Gold Jackpot Property ("Property"). The unpatented lode claims of the Property are located in Elko, Nevada.

The Agreement grants the Company the sole and exclusive right to acquire an undivided one hundred percent interest in the Gold Jackpot Property in exchange for a cash payment of US$15,000 (paid) and the issuance of 2,000,000 common shares of the Company ("CAT Shares") (issued) at closing of the Agreement. The CAT Shares are subject toa statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation. In addition, the Company is required to incur $500,000 in exploration or expenditures related to the Property over a 4-year period, with no requirement for annual minimum expenditures, and annual payments of US$10,000 commencing on the first anniversary date until such time the option is exercised. The Company will grantthe Vendor a 2% Net Smelter Royalty ("**NSR**") on the property, subject to an agreement that each 1% of the NSR on select claims could be repurchased by the Company for an amount of US$1,000,000.

c) Burntland, New Brunswick, Canada

On September 10, 2020, the Company entered into an option agreement (the "Agreement") pursuant to an arm's length negotiation with the vendors (the "Vendors"). The Agreement gives the Company the exclusive right to acquire up to a 100% undivided ownership in the Burntland mineral property (the "Property") over a 4-year period from September 21, 2020 (the "Closing Date"). The Property is comprised of approximately 1,200 hectares located approximately 60 Km Northeast of Saint Quentin in the county of Restigouche, New Brunswick, Canada.

Pursuant to the Agreement, the Company issued 25,000,000 common shares valued at $875,000 (based on stock closing quote on the date of share issuance) to the Vendors, must incur exploration and development expenditures on the Property necessary to maintain the minerals claims in good standing during the option period of 4 years, and will also make payments totaling $1,000,000 to the Vendors as follows:

- $250,000 due 12 months from the Closing Date;
- $250,000 due 24 months from the Closing Date to acquire an earned-in interest of 51%;
- $250,000 due 36 months from the Closing Date to acquire an additional earned-in interest of 24%,for a total 75% interest in the Property; and
- $250,000 due 48 months from the Closing Date to acquire an additional earned-in interest of 25%,for a total 100% interest in the Property.

The Company has the right to pay up to half of each scheduled payment in common shares of the Company, such calculation based on the Volume Weighted Average Price (VWAP) of the Company's shares over the previous 20 trading day period.

In addition, the Company will also grant to the Property's Vendors a Net Smelter Return Royalty (NSR) equal to 2.0% resulting from the extraction and production of any mineral products on the Property.

d) Rimrock Gold Property, Nevada, USA

On November 02, 2020, the Company acquired all of the issued and outstanding shares of 1242006 BC Ltd. ("124BC"), a private company incorporated in BC, Canada, an arm's length party, by issuing 25,000,000 common shares of the Company, fair valued at $750,000.

124BC holds a property earn-in and joint venture agreement to acquire up to an 80% undivided interest in the Rimrock Gold mineral property (the "Rimrock Property") from its 2 property owners. The Rimrock property is comprised of 81 unpatented lode mining claims situated in Elko County, Nevada, USA.

Pursuant to the earn-in and joint venture agreement, the Company is required to incur Cdn$620,000 in exploration or expenditures related to the Rimrock Property over a 4-year period, of which $210,000 must be spent within the first 12 months, after which the Company will have earned a 51% interest in the Rimrock Property. There are no annual minimum expenditures per year during the remainder of the term regarding the remaining $410,000 of expenditures. The Company will earn a 7.25% interest in the Rimrock Property for every $102,500 spent, until such time as the80% participating interest in Rimrock is earned. The Company will grant the Vendors a 2% Net Smelter Royalty ("**NSR**") on Rimrock, subject to an agreement that each 1% of the NSR on select claims could be repurchased by the Company for an amount of US$1,000,000.

Furthermore, the Company commits to retain one of the property owners for geological consulting services with a minimum retainer of US$20,000 per year, with the first payment payable on the effective date and thereafter payable in advance on each anniversary of the effective date, until such time as the 80% participating interest in the property isearned. The Company also commits to pay US$10,000 per year to the other property owner, with the first payment payable on the effective date and thereafter payable in advance on each anniversary date of the effective date, until such time as the 80% participating interest in the property is earned. This advance payment shall be deducted from the expenses or funding expenditures on or in relation to the property.

e) BAM, British Columbia, Canada

On December 1, 2017, the Company acquired a 100% interest in the Bam mineral property. The property is comprised of 1052 hectares located in the Pacific Golden Triangle mining district in northwest British Columbia, Canada.

Under the terms of the purchase agreement, the Company paid a total of $60,000 cash and issued 600,000 common shares fair valued at $54,000 to the vendor. During the year ended December 31, 2019, the Company let its claims for the BAM Property lapse and wrote-off costs of $114,000.

5. LONG-TERM INVESTMENT

Long-term investment represents the fair value of the Company's 19% shareholdings in Zimbabwe Lithium Company (Mauritius) Limited ("Zimbabwe Lithium", or "ZIM"), a privately held company incorporated under the laws of Mauritius as at March 31, 2019. Zimbabwe Lithium has the right to develop mining properties in Zimbabwe (the "Properties").

On December 27, 2017 the Company entered into a binding letter of intent (the "LOI") with Zimbabwe Lithium for a proposed reverse take-over between the Company and Zimbabwe Lithium (the "Transaction"). On October 31, 2018, the Company executed a share exchange agreement (the "Agreement") with the existing shareholders of ZIM. Pursuant to the terms of the LOI and the Agreement, the Transaction is defined into two distinctive phases: First Phase and Second Phase.

First Phase:

- The Company would issue its common shares to the existing shareholders of ZIM in exchange for 19% of the issued and outstanding shares in Zimbabwe Lithium. On October 31, 2018, the Company issued 9,185,040 common shares from its share capital with a fair value of $826,654, representing an aggregate of 19% of the current issued and outstanding share capital of the Company. In return, ZIM issued to the Company 755 ZIM shares, representing an aggregate of 19% of the current issued and outstanding share capital of ZIM.

- The Company committed to advance the amount of US$500,000 to ZIM allowing ZIM to cover historical test work and consultant expenditures that have been incurred bringing the project to its current state as well as expenditures as they are gradually incurred, project expenditures and exploration on the Properties, including potential license and option payments to the Zimbabwe Mining Development Corporation ("ZMDC"), salaries and consultancy fees, drilling and assaying on the Properties along with the completion of a National Instrument 43-101 ("NI 43-101") compliant resource estimate of the Properties (the "Estimate"). As at December 31, 2018, the Company has advanced $721,077 (US$560,000). These cash advances were capitalized as cost of investment.

Second Phase:

- The proceeding to the Second Phase of the Transaction is subjected to the Estimate revealing that the resource contains a minimum of 11,111,000 cubic meters of tailings material at minimum 0.60 percent Lithia (Li_2O with the majority of the mineralization consisting of Spodumene) (the "Threshold Percentage") which is subject to an independent valuation certified by a Qualified Person under NI 43-101.
- Should the Estimate reveal that the Threshold Percentage is reached, ZIM shall be entitled to receive an additional share allocation of 51% of the current issued and outstanding share capital of the Company.

Up until December 31, 2019, the Company, through its shareholding and board representation in ZIM, exercises significant influence over that company, but not control. As a result, the investment in Zimbabwe Lithium is accounted for using the equity method up until December 31, 2019. As at January 1, 2020, the Company reclassified its investment in Zimbabwe Lithium from equity investment to investment at cost, the basis of which was that the Company's involvement with ZIM is extremely passive, its shareholding percentage continues to become diluted, and the Company has plans to divest itself of ZIM.

As at June 28, 2019, the Company and ZIM terminated the Second Phase and the Definitive Agreement. During the six months ended June 30, 2021, management assessed the fair value of the investment in associate to be $nil and recognized an impairment of $14,166 (June 30, 2020 - $NIL).

	June 30, 2021	**June 30, 2020**
	$	$
Opening balance	-	-
Contributions	14,166	-
Impairment	(14,166)	-
Ending balance	**-**	**-**

6. EQUIPMENT

		Software		Vehicle		Total
Cost						
Balance, December 31, 2019	$	2,230	$	–	$	2,230
Additions		–		–		–
Balance, June 30, 2020	**$**	**2,230**	**$**	**–**	**$**	**2,230**

		Software		Vehicle		Total
Accumulated Amortization						
Balance, December 31, 2019	$	980	$	–	$	980
Additions		249		–		249
Balance, June 30, 2020	**$**	**1,229**	**$**	**–**	**$**	**1,229**

		Software		Vehicle		Total
Cost						
Balance, December 31, 2020	$	2,230	$	–	$	2,230
Additions		–		20,071		20,071
Balance, June 30, 2021	**$**	**2,230**	**$**	**20,071**	**$**	**22,301**

		Software		Vehicle		Total
Accumulated Amortization						
Balance, December 31, 2020	$	1,481	$	–	$	1,481
Additions		149		994		1,143
Foreign exchange		–		9		9
Balance, June 30, 2021	**$**	**1,630**	**$**	**1,003**	**$**	**2,633**

		Software		Vehicle		Total
Net Carrying Amount						
Balance, June 30, 2020	**$**	**1,001**	**$**	**–**	**$**	**1,001**
Balance, June 30, 2021	**$**	**600**	**$**	**19,068**	**$**	**19,668**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	**December 31, 2020**
	$	$
Trades payable	81,088	332,185
Accrued liabilities	15,000	20,000
	96,088	352,185

8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the six months ended June 30, 2021 and 2020 was as follows:

	June 30, 2021	**June 30, 2020**
	$	$
Management and consulting fees	140,727	81,000
Share based compensation	177,000	-
	317,727	81,000

During the six months ended June 30, 2021, the Company incurred $112,227 (US$90,000) consulting fees to the Company’s Chairman, Director and CEO (June 30, 2020 - $Nil). During the six months ended June 30, 2021, the Company granted 1,000,000 stock options to the Chairman, Director and CEO with fair value of $59,000 recognized as share based compensation (June 30, 2020 - $Nil). During the six months ended June 30, 2021, the Company incurred $Nil in consulting fees (June 30, 2020 - $60,000) to an entity associated with the Company’s Chairman, Director and CEO.

During the six months ended June 30, 2021, the Company incurred $21,000 (June 30, 2020 - $21,000) consulting fees to the Company's Director, Corporate Secretary and CFO to an entity associated with the Company's Director, Corporate Secretary and CFO. During the six months ended June 30, 2021, the Company granted 800,000 stock options to the Director, Corporate Secretary and CFO with fair value of $42,200 recognized as share based compensation (June 30, 2020 - $Nil). During the six months ended June 30, 2021, the Director, Corporate Secretary and CFO subscribed 125,000 units with an unit price at $0.08 with warrants with an exercise price of $0.16 expiring in 5 years for gross proceeds of $10,000.

During the six months ended June 30, 2021, the Company incurred $7,500 (June 30, 2020 - $Nil) to the Company's Director in consulting fees. The Company granted 700,000 stock options to an independent director of the Company with fair value of $41,300 recognized as share based compensation (June 30, 2020 - $Nil).

During the six months ended June 30, 2021, the Company granted 500,000 stock options to an independent director of the Company with fair value of $29,500 recognized as share based compensation (June 30, 2020 - $Nil).

As at June 30, 2021, the Company's balances owing to (from) the related parties include:

- $(12,979) (December 31, 2020 - $Nil) owed from the Company's Chairman, Director and CEO;
- $183,411 (December 31, 2020 - $213,113) owed to an entity associated with the Company's Chairman, Director and CEO;
- $(4,900) (December 31, 2020 - $57,575) owed from the entity associated with the Company's Director, Corporate Secretary and CFO; and

The above balances are non-interest bearing, unsecured and due on demand.

(a) The Company entered into a consulting agreement with the Company's Chairman, Director and CEO whereby the Company is required to pay a monthly consulting fee of US$12,500 over a term of 36 months commencing from October 21, 2020. The monthly consulting fee will increase to US$15,000 per month on the first anniversary of the agreement and the increased monthly consulting fee of US$15,000 per month will be effective for the remaining 24 months of the term. The Company is also committed to pay the Chairman, Director and CEO a monthly health benefit allowance of US$2,500 and monthly vehicle allowance of US$1,500.

(b) The Company and an entity associated with the Company's Director, CEO (former CFO) and Chairman of the Board entered into a consulting agreement whereby the Company is committed to pay a monthly consulting fee of $10,000 to the entity associated with the CEO over a term of 23 months commencing from May 1, 2018. The monthly consulting fee will be increased to $20,000 upon successful completion by the Company of its first major acquisition of $5,000,000 or greater in value. On January 1, 2020, the Company extended this consulting agreement to another 24 months under the same terms of the original agreement expiring on January 5, 2022. This agreement was terminated in September 2020.

9. SHARE CAPITAL

Authorized share capital:
Unlimited common shares and preferred shares without par value

Share issuances and cancellation:

On January 25, 2021 and February 3, 2021, 150,000 and 200,000 share purchase warrants with an exercise price of $0.05 were exercised with gross proceeds of $7,500 and $10,000. 350,000 shares were issued as a result.

On February 3, 2021, 2,000,000 common shares were issued to the vendors of Gold Jackpot Property (See Note 4 (b)).

On March 1, 2021, the Company closed its first tranche of a non-brokered private placement and issued 21,380,400 units at a price of $0.08 per unit for gross proceeds of $1,710,432. Each unit consists of one common share of the Company and one whole transferable common share purchase warrant. Each warrant entitles the holder to purchase, until February 28, 2026, one additional common share at an exercise price of $0.16 per share.

On March 15, 2021, 27,500,000 common shares were issued to the vendors of South Preston Property (See Note 4 (a)).

On March 30, 2021, the Company closed the first tranche of a non-brokered private placement of 6,694,444 flow-through units of the Company (the “FT Unit”) at a price of $0.09 per FT Unit, for gross proceeds of $602,500. Each FT Unit consists of one common share of the Company and one-half non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase, until April 21, 2026, one additional common share at an exercise price of $0.16 per share.

On April 21, 2021, the Company closed its second tranche of a non-brokered private placement and issued 4,169,600 units at a price of $0.08 per unit for gross proceeds of $333,568. Each unit consists of one common share of the Company and one whole transferable common share purchase warrant. Each warrant entitles the holder to purchase, until February 28, 2026, one additional common share at an exercise price of $0.16 per share.

On April 21, 2021, 150,000 share purchase warrants with an exercise price of $0.05 were exercised with gross proceeds of $7,500. 150,000 shares were issued as a result.

On June 23, 2021, the Company closed the second tranche of a non-brokered private placement of 586,112 flow-through units of the Company (the “FT Unit”) at a price of $0.09 per FT Unit, for gross proceeds of $52,750. Each FT Unit consists of one common share of the Company and one-half non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase, until February 28, 2026, one additional common share at an exercise price of $0.16 per share.

During the six months ended June 30, 2020, the Company cancelled 1 million common shares.

Warrants

A continuity of the Company's warrants is as follows:

	Warrants	Weighted average exercise price	Weighted average number years to expiry
		$	
Balance, December 31, 2020	27.724,000	0.05	2.48
Granted	30,549,292	0.16	4.56
Exercised	(500,000)	0.05	-
Balance, June 30, 2021	57,773,292	0.11	3.34
Balance, December 31, 2019	22,692,496	0.07	-
Expired	(40,000)	0.02	-
Balance, June 30, 2020	22,652,496	0.10	0.38

As at June 30, 2021, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price		Number of Warrants Outstanding
October 28, 2016	October 28, 2021	$	0.05	2,500,000
August 20, 2020	August 20, 2023	$	0.05	24,724,000
March 1, 2021	February 28, 2026	$	0.16	21,380,400
March 1, 2021	February 28, 2023	$	0.08	738,735
March 30, 2021	February 28, 2026	$	0.16	3,347,222
March 30, 2021	March 30, 2023	$	0.10	427,778
April 21, 2021	April 21, 2023	$	0.08	192,500
April 21, 2021	April 21, 2026	$	0.16	4,169,600
June 23, 2021	February 28, 2026	$	0.16	293,056
				57,773,292

Share Options

The Company's incentive stock option plan (the "Option Plan") provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the Company may grant a total of options not exceeding 10% of the issued and outstanding common shares. During the six months ended June 30, 2021, the Company granted 7,100,000 stock options to directors, officers and consultants. Each option entitles the holder to purchase one common share of the Company at $0.06 per share. 7,000,000 of the stock options fully vested on the grant date. The expiry dates of these options are ranging from January 8, 2026 to February 15, 2026. The fair value of these options was determined to be $419,800 using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of 5 years, volatility ranging from 203% to 207%, dividend yield of 0%, and risk-free rate ranging 0.44% to 0.49%.

A continuity of the Company's options is as follows:

	Share Options	Weighted average exercise price	Weighted average number years to expiry
		$	
December 31, 2020	1,870,000	0.15	-
Grant	7,100,000	0.06	-
June 30, 2021	8,970,000	0.08	3.90
December 31, 2019	3,670,000	0.08	-
Cancellation	(1,800,000)	0.15	-
June 30, 2020	1,870,000	0.15	2.48

As at June 30, 2021, the Company had the following options outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
September 25, 2017	September 24, 2022	$ 0.15	700,000	700,000
December 1, 2017	December 1, 2022	$ 0.15	700,000	700,000
June 11, 2018	June 11, 2023	$ 0.15	470,000	470,000
January 8, 2021	January 8, 2026	$ 0.06	7,000,000	7,000,000
February 16, 2021	February 15, 2026	$ 0.08	100,000	100,000
			8,970,000	8,970,000

10. CAPITAL MANAGEMENT

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the Board of Directors. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing Long-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions. There were no changes in the Company's approach to capital management during the current period ended June 30, 2021.

11. FLOW-THROUGH SHARES PREMIUM LIABILITY

Flow-through Share Premium Liability	June 30, 2021	June 30, 2020
Balance - beginning of the year	$ -	$ -
Issuance	72,806	-
Balance - end of the period	$ 72,806	$ -

Summary of renunciations related to the tranches for flow through share issuances during the six months ended June 30, 2021 are as follows:

During the six months ended June 30, 2021, $Nil were spent in relation to the flow through shares issued during the six months ended June 30, 2021.

Tranche 1 flow through shares issued on March 30, 2021 for gross proceeds of $ 602,500

As of the June 30, 2021, the gross proceeds of $ 602,500 unspent and will be incurred prior to December 31, 2022.

Tranche 2 flow through shares issued on June 23, 2021 for gross proceeds of $ 52,750

As of the June 30, 2021, the gross proceeds of $ 52,750 unspent and will be incurred prior to December 31, 2022.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts.

As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its Long-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements as well as related party loans. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Currency risk
Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not incur significant expenditures that are denominated in foreign currencies, and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its notes payable as the interest rate is dependent on Canada's prime interest rate. Since the Canadian prime interest rate is fairly stable, the Company's exposure to interest rate risk is not considered to be significant.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

13. CORONAVIRUS (COVID-19) PANDEMIC

The outbreak of the COVID-19 virus and the worldwide pandemic has impacted the Company's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries or regions can be expected and are difficult to quantify. Regional disease outbreaks and pandemics represent a serious threat to hiring and maintaining a skilled workforce and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these regional disease outbreaks and pandemics and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs and insurance premiums as a result of these health risks.

In addition, the pandemic has created a dramatic slowdown in the global economy. The duration of the outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity thereby severely limiting access to essential capital.