Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

Six Months Ended January 31, 2021

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

Six Months Ended January 31, 2021

NOTICE TO READERS

Under National Instrument 51-102, Part 4.3(3)(a), 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 interim financial statements of Zadar Ventures Ltd. for the six months ended January 31, 2021 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These interim financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these interim financial statements.

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	As at January 31, 2021	As at July 31, 2020
Assets		
Current		
Cash	**$ 754,441**	$ 196,240
Amounts receivable (Note 4)	**105,514**	109,713
Investment (Note 5)	**32,608**	32,708
Goods and services tax recoverable	**8,683**	7,347
Due from related parties (Note 11)	**139**	19,055
Prepaid expenses and deposits	**402,874**	374,535
	1,304,259	739,598
Right-of-use asset (Note 6)	**32,919**	48,610
Exploration and evaluation assets (Note 7)	**28,000**	28,000
	$ 1,365,178	$ 816,208
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 75,989**	$ 50,366
Share subscriptions refundable (Note 8)	**26,000**	26,000
Loans payable (Note 12)	**1,032**	1,032
Lease liability (Note 13)	**30,610**	39,723
Due to related parties (Note 11)	**25,003**	18,703
	158,634	135,824
Lease liability (Note 13)	**-**	6,169
	158,634	141,993
Shareholders' Equity		
Share capital (Note 8)	**9,299,622**	9,288,997
Subscriptions received in advance (Note 8)	**722,400**	-
Contributed surplus	**672,064**	672,064
Deficit	**(9,487,542)**	(9,286,846)
	1,206,544	674,215
	$ 1,365,178	$ 816,208

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Subsequent event (Note 14)

On behalf of the board:

________________________, Director   ________________________, Director

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	For the Three Months Ended		For the Six Months Ended January 31,	
	2021	2020	**2021**	2020
Administrative expenses				
Accounting and audit	**$ 32,380**	$ 6,525	**$ 32,380**	$ 6,525
Accretion	**1,136**	457	**2,581**	573
Amortization	**11,041**	10,644	**21,539**	20,882
Bank charges and interest	**614**	101	**686**	176
Consulting (Note 11)	**25,353**	-	**45,353**	164
Legal	**3,945**	2,068	**4,389**	2,512
Listing and filing fees	**9,824**	5,315	**11,290**	5,991
Management fees (Note 11)	**29,500**	28,500	**57,000**	56,000
Office and sundry	**18,029**	19,364	**42,729**	35,651
Promotion and travel	**594**	2,046	**1,418**	2,473
	(132,416)	(75,020)	**(219,365)**	(130,947)
Other income	**9,307**	-	**18,769**	-
Unrealized gain (loss) on investment (Note 5)	**659**	(9,349)	**(100)**	27,935
Net loss and comprehensive loss	**$ (122,450)**	$ (84,369)	**$ (200,696)**	$ (103,012)
Basic and diluted loss per share	**$ (0.01)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Basic and diluted weighted average shares outstanding	**23,433,210**	18,276,960	**23,431,172**	17,978,047

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Shares of common stock	Share capital	Subscriptions receivable	Subscriptions received	Contributed surplus	Deficit	Total
July 31, 2019	17,679,134	$ 8,662,578	$ (32,500)	$ -	$ 672,064	$ (8,967,812)	$ 334,330
Issued for cash	2,500,000	162,500	(16,250)	-	-	-	146,250
Subscriptions receivable	-	-	32,500	-	-	-	32,500
Net loss	-	-	-	-	-	(103,012)	(103,012)
January 31, 2020	20,179,134	8,825,078	(16,250)	-	672,064	(9,070,824)	410,068
Issued for cash	3,000,000	450,000	-	-	-	-	450,000
Exercise of warrants	250,000	21,250	-	-	-	-	21,250
Subscriptions receivable	-	-	16,250	-	-	-	16,250
Share issue costs	-	(7,331)	-	-	-	-	(7,331)
Net loss	-	-	-	-	-	(216,022)	(216,022)
July 31, 2020	23,429,134	9,288,997	-	-	672,064	(9,286,846)	674,215
Exercise of warrants	125,000	10,625	-	-	-	-	10,625
Subscriptions received	-	-	-	722,400	-	-	722,400
Net loss	-	-	-	-	-	(200,696)	(200,696)
January 31, 2021	**23,554,134**	**$ 9,299,622**	**$ -**	**$ 722,400**	**$ 672,064**	**$ (9,487,542)**	**$ 1,206,544**

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

For the Six Months Ended January 31,	**2021**	2020
Cash flows used in operating activities		
Net loss	**$ (200,696)**	$ (103,012)
Adjustments for:		
Accretion and amortization	**24,120**	21,455
Unrealized loss (gain) on investment	**100**	(27,935)
Changes in non-cash working capital		
Goods and services tax recoverable	**(1,336)**	(2,653)
Prepaid expenses	**(28,339)**	(33,916)
Accounts payable and accrued liabilities	**25,623**	(5,183)
Lease liability	**(23,711)**	(9,000)
	(204,239)	(160,244)
Cash flows from (used in) investing activities		
Exploration and evaluation expenditures	**-**	(6,000)
Amounts receivable	**4,199**	381
	4,199	(5,619)
Cash flows from financing activities		
Proceeds from issuance of common stock, net of issue costs	**10,625**	178,750
Subscriptions received in advance	**722,400**	-
Advances from related parties	**25,216**	4,077
Loans repaid	**-**	(7,047)
	758,241	175,780
Increase in cash	**558,201**	9,917
Cash at beginning of the period	**196,240**	294,872
Cash at end of the period	**$ 754,441**	$ 304,789

Supplemental disclosure with respect to cash flows		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -

1. Nature of Operations and Going Concern

Zadar Ventures Ltd. ("Zadar" or the "Company") was incorporated on August 6, 2008 under the Business Corporations Act of British Columbia and its principal activity is the exploration of mineral properties. Zadar is a public company with shares listed on the TSX Venture Exchange ("TSX-V"). The head office, principal address and records office of the Company are located at Suite 908 – 510 Burrard Street, Vancouver, B.C. V6C 3A8.

Going concern of operations
These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred $9,487,542 of losses since its inception and the ability of the Company to continue as going-concern depends on its ability to raise adequate financing and to develop profitable operations. This creates a material uncertainty and raises significant doubt about the Company's ability to continue as a going concern.

Management is actively targeting sources of additional financing. Although the Company has been successful in past financings, there is no assurance that future financings will be successful. As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world's equity markets and the movement of people and goods has become restricted. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods. These financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of Preparation

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

The policies presented in Note 3 were consistently applied to all periods presented. The interim financial statements were approved by the Board of Directors on March 30, 2021.

All dollar amounts are presented in Canadian dollars, which is also the functional currency of the Company, unless otherwise specified.

3. Significant Accounting Policies

(a) Significant Accounting Estimates and Judgments

The preparation of the financial statements, in conformity with IFRS, requires estimates and assumptions that affect the amounts reported in the financial statements. Significant areas where judgment is applied include assessment of impairment of exploration and evaluation assets, recoverability of amounts receivable and assessment of the Company's ability to continue as a going concern.

Significant estimates include the fair value of financial instruments.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Judgments</u>

i) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

ii) Amounts receivables

The Company assesses the collectability of receivables on an ongoing basis. A provision for the impairment of receivables involves significant management judgment and includes the review of individual receivables based on creditworthiness, current economic trends and analysis of historical bad debts.

3. Significant Accounting Policies (continued)

(a) Significant Accounting Estimates and Judgments (continued)

iii) Impairment of exploration and evaluation assets

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the assets being considered. The amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

<u>Estimates</u>

i) Fair value of financial instruments

Management uses valuation techniques, in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are provided in the notes regarding financial assets and liabilities.

In applying the valuation techniques, management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. Such estimates include liquidity risk, credit risk and volatility, which may vary from the actual results that would be achieved in an arm's length transaction at the reporting date.

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(b) Changes in Accounting Policies

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 Leases which specifies how a lease will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged for its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company adopted IFRS 16 on August 1, 2019. The impact on the Company's financial statements resulting from the adoption of IFRS 16 is limited to the office lease as disclosed in Note 13.

4. Amounts Receivable

Amounts receivable as at January 31, 2021 and July 31, 2020 are due from former officers and/or former directors of the Company and companies controlled by them. The balances as at January 31, 2021 and July 31, 2020 are non-interest bearing, unsecured and due on demand.

5. Investment

		January 31, 2021		July 31, 2020
Cost	**$**	**1,248,000**	$	1,248,000
Fair value adjustment		**(1,215,392)**		(1,215,292)
Total	**$**	**32,608**	$	32,708

On January 21, 2014, the Company acquired 676,129 shares of Global Resources Investment Trust ("GRIT") valued at £1.00 each, in consideration for 4,160,000 shares of the Company valued at $0.30 each. The GRIT shares trade through the facilities of the London Stock Exchange.

On acquisition, the GRIT shares were valued at $1,248,000. The GRIT shares have been designated as FVTPL, with unrealized gains and losses recognized in profit or loss. At January 31, 2021, the fair value of the GRIT shares is $32,608 (July 31, 2020 - $32,708).

The fair value of GRIT has been determined by reference to published price quotations in an active market in accordance with level 1 of the fair value hierarchy.

While the Company will seek to maximize the proceeds it receives from the sale of its GRIT shares on the London Stock Exchange, there is no assurance as to the timing of disposition or the amount that will be realized. Funds realized from the sale of the GRIT shares will be used by the Company for working capital and general corporate purposes.

(Expressed in Canadian Dollars)

6. Right-of-use asset

		January 31, 2021		July 31, 2020
Balance, beginning of period	$	**48,610**	$	-
Additions (Note 13)		**5,848**		90,259
Amortization		**(21,539)**		(41,649)
Balance, end of period	$	**32,919**	$	48,610

7. Exploration and Evaluation Assets

Whiskey Gap

The Company entered into an option agreement with 1177129 Alberta Ltd. (the "Optionor"), a company controlled by a former officer, in April 2010, subsequently amended on May 30, 2011, September 30, 2011, June 1, 2012, November 19, 2014, November 28, 2015 and November 23, 2017 and November 17, 2018 to acquire up to a 100% interest in certain mineral interests located in Alberta, known as the Whiskey Gap Project.

To earn a 60% interest, the Company must make payments and issue shares as follows:

- $12,500 (paid) and issue and allot to the Optionor 10,000 shares of the Company (issued);
- on or before the first anniversary of the execution of the Agreement, a further $12,500 (paid) and issue and allot to the Optionor a further 20,000 shares (issued);
- on or before the second anniversary of the execution of the Agreement, a further $25,000 (paid) and issue and allot to the Optionor a further 30,000 shares (issued);
- on or before September 30, 2010, the Company shall expend not less than $100,000 on Exploration Expenditures on the Property; (incurred)
- on or before June 30, 2012, the Company shall pay $100,000 to the Optionor (paid);
- on or before December 31, 2012, the Company shall pay a further $50,000 (paid) and issue and allot to the Optionor a further 50,000 shares (issued).

The Company has a further option to acquire the remaining 40% interest in the Property by paying the Optionor $100,000, which was extended by the Optionor until June 30, 2020, and by issuing the Optionor an additional 100,000 shares (issued, fair value of $250,000).

Upon earning a 60% interest by making the cash payments, issuing the shares, and incurring the exploration expenditures as set out above and electing not to acquire any further interests after earning 60%, the Company and the Optionor will form a joint venture with standard dilution clauses.

In 2015, management wrote down the costs accumulated on the property to $18,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitated the write down at that time in line with the Company's accounting policy for exploration and evaluation assets. The write down was done in accordance with level 3 of the fair value hierarchy. As at January 31, 2021, there have been no changes in management's analysis that would support renewed capitalization of costs with respect to this property.

7. Exploration and Evaluation Assets (continued)

Pasfield Lake Project

On September 25, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, for consideration comprising $25,000 in cash (paid) and issuance of 174,500 shares of the Company (issued, fair value of $436,250).

During 2014, a fee of $50,000 was paid to extend the option period and a finder's fee of $6,000 was paid in 2013.

The vendor will retain a Net Smelter Return ("NSR") of 2%, of which 1% may be purchased by the Company for $1,000,000.

In 2015, management wrote down the costs accumulated on the Pasfield Lake property to $10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitated the write down at that time in line with the Company's accounting policy for exploration and evaluation assets. The write down was done in accordance with level 3 of the fair value hierarchy. As at January 31, 2021, there have been no changes in management's analysis that would support renewed capitalization of costs with respect to this property.

WSP/CR Claims

On February 25, 2016, the Company entered into an option agreement with GeoXplor Corp. ("GeoXplor") to acquire a 100% interest in two prospective lithium projects in Nevada, USA, known as the WSP and CR claims.

In order to exercise the option to earn the 100% interest, Zadar must issue 500,000 of its common shares and pay US$450,000 in cash payments, in addition to US$21,000 non-refundable deposit (paid) to GeoXplor.

On April 26, 2018, the Company paid US$25,000 to GeoXplor to amend the terms of the option agreement as follows:

- US$50,000 on the effective date (paid);
- 100,000 common shares on TSX-V approval (issued);
- US$50,000 on or before March 25, 2016 (paid);
- 100,000 common shares on each of February 25, 2017 (issued), December 1, 2018 (issued), December 1, 2019 and December 1, 2020;
- US$75,000 on each of February 25, 2017 (paid) and December 1, 2018; and
- US$100,000 on each of December 1, 2019 and December 1, 2020.

7. Exploration and Evaluation Assets (continued)

WSP/CR Claims (continued)

Zadar will be required to make exploration expenditures of US$123,000 on the property in year one (US$100,000 paid), a further US$118,000 on the WSP claims by December 1, 2018, a further US$250,000 on the CR claims by December 1, 2018, a further US$500,000 on the property by December 1, 2019 and a further US$1,500,000 on the property by December 1, 2020. On the fifth anniversary of the effective date, and annually thereafter, Zadar shall pay minimum advanced annual royalties payments of US$100,000.

Upon completion of an inferred resource calculation that confirms either of the properties having a minimum presence of 100,000 tons lithium carbonate equivalent grading at no lower than 28 parts per million lithium grade average, Zadar shall pay GeoXplor US$1,000,000 in cash or Zadar Shares, or a combination thereof at Zadar's election.

Upon Completion of an Economic Study, as defined in the option agreement, on either of the properties on or before the 10th anniversary of the effective date, Zadar shall pay to GeoXplor US$2,000,000 in cash or Zadar Shares, or a combination thereof at GeoXplor's election.

GeoXplor will maintain 3% gross value royalty return of which 2% can be purchased by Zadar at any time for US$5,000,000.

During the year ended July 31, 2018, the Company wrote-down $883,677 related to the WSP/CR claims as a result of lack of activity on the property, due to ongoing water rights issues, and a lack of investor confidence in Clayton Valley as a whole. The write down was done in accordance with level 3 of the fair value hierarchy. During the year ended July 31, 2019, the Company capitalized and subsequently wrote-down $11,349 related to further acquisition costs of the WSP/CR claims. The write down was due to the same issues that were present at July 31, 2018. The write down was done in accordance with level 3 of the fair value hierarchy.

On January 5, 2019, the option agreement with GeoXplor was terminated and the Company has no further rights or obligations related to this property.

East Boundary Mineral Claims

On August 21, 2018, the Company entered into an option agreement with a private staking syndicate to purchase the East Boundary Mineral Claims which consists of 1,888 hectares in Northern B.C.

On September 28, 2018, the Company received TSX-V approval related to the acquisition of the East Boundary Mineral Claims.

Under the terms of the agreement, the Company can earn a 100% interest in the property by issuing an aggregate of 100,000 common shares to various arms length vendors within five days of TSX-V approval (issued) and an additional issuance of 200,000 common shares on or before October 31, 2018 (the "Expiry Date") (issued). A 2% NSR shall be granted to Carl Alexander Von Einseidel, of which 1.5% can be repurchased by the Company for $1,500,000.

A finder's fee on the East Boundary agreement was paid in the form of 10,000 shares issued to a third party.

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

East Boundary Mineral Claims (continued)

During the year ended July 31, 2019, the Company wrote-down the full $165,000 of capitalized costs related to the East Boundary Mineral Claims. While management still believes that the property is of merit and warrants continued development, lack of planned activity due to market conditions, and difficulty obtaining financing necessitated the impairment as at July 31, 2019. The write down was done in accordance with level 3 of the fair value hierarchy. As at January 31, 2021, there have been no changes in management's analysis that would support renewed capitalization of costs with respect to this property.

Exploration and Evaluation Expenditures

Details of exploration and evaluation expenditures for the six months ended January 31, 2021 and for the year ended July 31, 2020 are as follows:

	Acquisition Costs January 31, 2021	**Exploration Costs January 31, 2021**	**Total January 31, 2021**	Total July 31, 2020
Whisky Gap				
Balance, beginning of period	**$ 18,000**	**$ -**	**$ 18,000**	$ 18,000
Balance, end of period	**18,000**	**-**	**18,000**	18,000
Pasfield Lake				
Balance, beginning of period	**10,000**	**-**	**10,000**	10,000
Balance, end of period	**10,000**	**-**	**10,000**	10,000
East Boundary				
Acquisition costs - shares	**-**	**-**	**-**	-
Property maintenance	**-**	**-**	**-**	6,000
Mineral property costs for the period	-	-	-	6,000
Balance, beginning of period	**-**	**-**	**-**	-
Write-down	**-**	**-**	**-**	(6,000)
Balance, end of period	-	-	-	-
Total	**$ 28,000**	**$ -**	**$ 28,000**	$ 28,000

8. Share Capital

Effective April 9, 2019, the Company consolidated its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares. Unless otherwise indicated, all share and per share figures have been retrospectively adjusted in these financial statements to reflect the share consolidation.

(a) Authorized share capital

Unlimited common shares without par value.

(b) Share issuances

On January 9, 2020, the Company closed a non-brokered private placement of 2,500,000 units at $0.065 per unit for gross proceeds of $162,500 of which $16,250 is received in May 2020. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one share at a price of $0.085 per share for a period of three years from the date of issue. The full proceeds were allocated to the shares under the residual value method.

On June 2, 2020, the Company closed a non-brokered private placement of 3,000,000 units at $0.15 per unit for gross proceeds of $450,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one share at a price of $0.30 per share for a period of eighteen months from the date of issue. The full proceeds were allocated to the shares under the residual value method.

On June 9, 2020, the Company issued a total of 250,000 common shares in the capital of the Company for gross proceeds of $21,250 upon exercise of share purchase warrants at a price of $0.085 per share.

On January 28, 2021, the Company issued a total of 125,000 common shares in the capital of the Company for gross proceeds of $10,625 upon exercise of share purchase warrants at a price of $0.085 per share.

(c) Share purchase options

The Company has an incentive stock option plan (the “Plan”), whereby the Company may grant stock options to directors, officers, employees or consultants. Under the Plan, options are exercisable up to a maximum of 10 years and vest as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of options. The Plan provides for the issuance of up to 10% of the Company’s issued common shares at the date of the grant. Options awarded under the Plan are equity settled.

As at January 31, 2021, the Company had no stock options outstanding.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(d) Share purchase warrants

	Number of warrants	Weighted average exercise price $
Warrants outstanding at July 31, 2019	7,500,000	0.085
Issued	5,500,000	0.202
Exercised	(250,000)	0.085
Warrants outstanding at July 31, 2020	12,750,000	0.136
Exercised	(125,000)	0.085
Warrants outstanding at January 31, 2021	12,625,000	0.136

As at January 31, 2021, the following warrants remain outstanding:

Number of warrants	Exercise price	Expiry date
7,375,000	$0.085	May 23, 2022
2,250,000	$0.085	January 9, 2023
3,000,000	$0.300	December 2, 2021
12,625,000		

(e) Share subscriptions refundable

As at January 31, 2021, the Company had a share subscription refundable in the amount of $26,000 (July 31, 2020 - $26,000) to an investor in connection with the private placement that closed on May 23, 2019.

(f) Subscriptions received in advance

As at January 31, 2021, the Company has $722,400 (July 31, 2020 - $Nil) of subscriptions received in advance related to common shares not yet issued in connection with the commitment to raise a minimum of $700,000 and a maximum of $3,500,000 by way of a non-brokered private placement under the terms of a definitive share exchange agreement with XRApplied SAS (“XRA”) (Note 14).

9. Financial Instruments and Risk Management

Fair Values

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 directly or indirectly observable for the asset or liability; and

Level 3 – Inputs that are not based on observable market data.

9. Financial Instruments and Risk Management (continued)

Fair Values (continued)

Investments are carried at level 1 fair value measurement.

The carrying values of cash, amounts receivable, due from/to related parties, accounts payable and accrued liabilities, share subscriptions refundable and loans payable approximate their fair value due to the short-term nature of these instruments. The carrying value of lease liability approximate its fair value as it bears interest that approximates current market rates.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash, amounts receivable and due from related parties are subject to credit risk. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's exposure to credit risk from amounts receivable, and amounts due from related parties is limited as management determines the parties to be financially sound. Management believes that credit risk related to these amounts is nominal.

Liquidity risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's approach to managing liquidity risk is to try to have sufficient liquidity to meet liabilities when due. As at January 31, 2021, the Company had a cash balance of $754,441 (July 31, 2020 - $196,240) to settle current liabilities of $158,634 (July 31, 2020 - $135,824). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating financing opportunities. Management intends to continue to finance its activities by raising funds by equity investments. While the Company has been successful in obtaining its required funding in the past there is no assurance that this financing will be extended or that any additional future financing will be available. The Company is exposed to risk that it will encounter difficulty in satisfying its liabilities. The Company may mitigate this risk by selling its investment to cover its current liabilities.

Market risk

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

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's exposure to interest rate risk is not material.

9. Financial Instruments and Risk Management (continued)

Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of the Company is the Canadian dollar.

The Company holds an investment that is denominated in British Pounds. As such, it is subject to fluctuations in the exchange rates for the Canadian dollar and British Pound. As at January 31, 2021, the Company has an investment with a fair value of $32,608. Each 10% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately $3,300.

Other price risk

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on the fair value or future cash flows associated with financial instruments.

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors metals prices to determine the appropriate course of action to be taken by the Company.

The equity price risk associated with the Company's current investment primarily relates to the change in the market prices of the investments in GRIT common shares. As at January 31, 2021, the Company owns 676,129 GRIT common shares with each common share valued at £0.0275 or $0.0482. Management believes there is price risk related to this investment. A 10% change in the price of the GRIT common shares would result in a change in profit or loss by approximately $3,300.

10. Capital Management

The Company includes equity, comprising issued common shares, contributed surplus, subscriptions receivable and deficit in the definition of capital.

The Company manages its capital to ensure it will be able to continue as a going concern largely through equity financing. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management. The Company is not exposed to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the six months ended January 31, 2021.

(Expressed in Canadian Dollars)

11. Related Party Transactions

Certain of the Company's officers and directors render services to the Company through companies in which they are an officer or director.

Party	**Transactions**
622738 BC Ltd.	Management and consulting fees
0868143 BC Ltd.	Consulting fees
GRW Inc.	Management fees

The Company incurred the following fees and expenses in the normal course of operations with related parties.

Six Months Ended January 31,	**2021**	2020
Consulting fees	**$ 2,500**	$ -
Management fees	**27,000**	25,000
	$ 29,500	$ 25,000

Amounts due from related parties comprise $139 (July 31, 2020 - $19,055) in advances to companies controlled by officers and directors. Such amounts are unsecured, non-interest bearing and without specific repayment terms.

Amounts due to related parties comprise $25,003 (July 31, 2020 - $18,703) in advances from companies with officers in common. The advances are unsecured, non-interest bearing and without specific repayment terms.

12. Loans Payable

Loans payable as at January 31, 2021 and July 31, 2020 are due to former officers and/or former directors of the Company and companies controlled by them. The balances as at January 31, 2021 and July 31, 2020 are non-interest bearing, unsecured and due on demand.

13. Commitments

The Company has entered into an operating lease contract for office space. The future minimum payments under the lease as at January 31, 2021 are as follows:

2021	$ 24,000
2022	8,000
	$ 32,000

13. Commitments (continued)

On August 1, 2019, the Company adopted IFRS 16 Leases and recognized the right-of-use asset (Note 6), and a corresponding increase in a lease liability, in the amount of $90,259 which represented the present value of future lease payments using a discount rate of 12%. Effective January 1, 2021, the base rent and additional rent payment increased to $4,000 per month resulting in an addition to the right-of-use asset and lease liability in the amount of $5,848 during the six months ended January 31, 2021.

During the six months ended January 31, 2021, the Company recorded an accretion expense of $2,581 (2020 - $573) related to the lease liability.

14. Subsequent Event

On July 30, 2020, the Company announced that it has executed a definitive share exchange agreement with XRApplied SAS ("XRA"), a leader in the development and deployment of AR/VR/MR technologies as well as assets like AR/VR games and AR/VR mobile applications. Under the terms of the agreement, the Company will acquire all the outstanding shares of XRA in exchange for 40,000,000 common shares of the Company and commit to raising a minimum of $700,000 and a maximum of $3,500,000 at a price of $0.35 per unit by way of a non-brokered private placement. Each unit consists of one common share and one share purchase warrant exercisable at $0.75 during the first year and $1.00 during the second year. The Company advises that the transaction will require regulatory approval and that there is no assurance that the proposed transaction will close.