

BENJAMIN HILL MINING CORP.
(FORMERLY MOJAVE GOLD CORP.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended February 28, 2021 and 2020

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 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 the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BENJAMIN HILL MINING CORP.
(FORMERLY MOJAVE GOLD CORP.)
Condensed Consolidated Interim Statements of Financial Position
Unaudited – Prepared by Management
(Expressed in Canadian dollars)

	Note	February 28, 2021	August 31, 2020
ASSETS			
Current assets			
Cash		\$ 292,693	\$ 4,712
Sales tax receivable		105,849	13,993
Subscriptions receivable	6	-	1,975
Prepays and advances		<u>143,973</u>	<u>-</u>
Total current assets		<u>542,515</u>	<u>20,680</u>
Non-current assets			
Exploration and evaluation assets	5	2,437,438	1,451,124
Due from related parties	7	<u>55,204</u>	<u>188,675</u>
Total non-current assets		<u>2,492,642</u>	<u>1,639,799</u>
TOTAL ASSETS		<u>\$ 3,035,157</u>	<u>\$ 1,660,479</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 303,157	\$ 50,605
Loan payable	11	250,000	-
Due to related parties	7	<u>152,238</u>	<u>-</u>
Total current liabilities		<u>705,395</u>	<u>50,605</u>
SHAREHOLDERS' EQUITY			
Capital stock	6	5,273,502	4,301,040
Reserves	6	1,631,383	390,009
Deficit		<u>(4,575,123)</u>	<u>(3,081,175)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,329,762</u>	<u>1,609,874</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$ 3,035,157</u>	<u>\$ 1,660,479</u>

Nature and continuance of operations (Note 1)

"Cole McClay"
Director

"Greg Bronson"
Director

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

BENJAMIN HILL MINING CORP.
(FORMERLY MOJAVE GOLD CORP.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Note	Three months ended February 28, 2021	Three months ended February 29, 2020	Six months ended February 28, 2021	Six months ended February 29, 2020
EXPENSES					
Consulting	7	\$ 33,700	\$ 15,000	\$ 67,300	\$ 30,000
Foreign exchange		11,028	-	11,028	-
Office and administration		18,902	2,807	31,972	3,694
Professional fees		59,746	23,712	68,704	28,626
Rent	7	10,500	10,500	21,000	21,000
Stock based compensation	6,7	1,241,374	269,461	1,241,374	269,461
Transfer agent and filing fees		19,168	9,753	27,570	15,136
Write-down of exploration and evaluation assets	5	-	-	25,000	-
Loss and comprehensive loss for the period		\$ (1,394,418)	\$ (331,233)	\$ (1,493,948)	\$ (367,917)
Basic and diluted loss per share		\$ (0.04)	\$ (0.01)	\$ (0.04)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted		34,598,675	26,829,686	33,743,354	19,090,319

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BENJAMIN HILL MINING CORP.
(FORMERLY MOJAVE GOLD CORP.)
Condensed Consolidated Interim Statements of Cash Flows
For the six months ended February 28, 2021 and 2020
Unaudited – Prepared by Management
(Expressed in Canadian dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,493,948)	\$ (367,917)
Item not involving cash:		
Stock based compensation	1,241,374	269,461
Write-down of exploration and evaluation assets	25,000	-
Changes in non-cash working capital:		
Amounts receivable	(89,881)	(2,498)
Prepays and advances	(143,973)	-
Accounts payable and accrued liabilities	252,552	(27,462)
Due to/from related parties	38,947	(206,007)
Net cash used in operating activities	(169,929)	(334,423)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration advances	-	(33,163)
Exploration and evaluation assets	(252,314)	(763,029)
Net cash used in investing activities	(252,314)	(796,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	-	1,002,770
Advances from related party	502,762	-
Repayment of advances from related party	(256,000)	(78,833)
Proceeds from loans payable	250,000	-
Exercise of warrants	213,462	-
Net cash provided by financing activities	710,224	923,937
Change in cash	287,981	(206,678)
Cash, beginning	4,712	221,301
Cash, end	\$ 292,693	\$ 14,623

Non-cash investing and financing activities during the period ended February 28, 2021:

- 1,500,000 shares were issued at a fair value of \$690,000 for an exploration and evaluation asset.
- 150,000 shares were issued at a fair value of \$69,000 as a finder's fee for an exploration and evaluation asset.

Non-cash investing and financing activities during the period ended February 29, 2020:

- Issued 1,500,000 shares at a fair value of \$210,000 for an exploration and evaluation asset;
- Transferred a fair value of \$186,886 to share capital on the exercise of stock options.

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

BENJAMIN HILL MINING CORP.**(FORMERLY MOJAVE GOLD CORP.)**

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Reserves	Deficit	Total
Balance as at August 31, 2019	17,955,130	\$ 1,785,284	\$ 2,037	\$ (1,092,819)	\$ 694,502
Issuance of common shares	7,713,616	1,002,770	-	-	1,002,770
Shares issued for exploration and evaluation assets	1,500,000	210,000	-	-	210,000
Stock based compensation	-	-	269,461	-	269,461
Loss for the period	-	-	-	(367,917)	(367,917)
Balance as at February 29, 2020	27,168,746	\$ 2,998,054	\$ 271,498	\$ (1,460,736)	\$ 1,808,816
Balance as at August 31, 2020	32,831,093	\$ 4,301,040	\$ 390,009	\$ (3,081,175)	\$ 1,609,874
Exercise of warrants	1,423,077	213,462	-	-	213,462
Shares issued for exploration and evaluation assets	1,650,000	759,000	-	-	759,000
Stock based compensation	-	-	1,241,374	-	1,241,374
Loss for the period	-	-	-	(1,493,948)	(1,493,948)
Balance as at February 28, 2021	35,904,170	\$ 5,273,502	\$ 1,631,383	\$ (4,575,123)	\$ 2,329,762

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

BENJAMIN HILL MINING CORP.
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Notes to the Condensed Consolidated Interim Financial Statements

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1. NATURE AND CONTINUANCE OF OPERATIONS

Benjamin Hill Mining Corp. (formerly Mojave Gold Corp.) (the “Company”) was incorporated on August 21, 2014 under the Business Corporations Act of British Columbia. The head office of the Company is 1050 - 12471 Horseshoe Way, Richmond, BC, V7A 4X6. The registered and records office is Suite 1400, 1125 Howe Street, Vancouver, British Columbia, V6Z 2K8. The common shares of the Company are listed on the Canadian Securities Exchange (“CSE”) and as of April 26, 2021 now trades under the symbol “BNN” (formerly traded under the symbol “MOJ”).

The Company is in the business of the exploration and development of natural resource properties in Canada and Mexico.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 28, 2021 the Company has not generated any revenues from operations, has a working capital deficiency of \$162,880 and accumulated deficit of \$4,575,123.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management assesses that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

If the going concern assumption is not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classifications used 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, have 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.

These condensed consolidated interim financial statements were authorized for issue on April 28, 2021 by the directors of the Company.

2. BASIS OF PREPARATION

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

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. The Company's subsidiary is Mojave Gold SA De CV, which was incorporated in Mexico. A subsidiary is any entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity; is exposed to variable returns in connection with its interest in the entity; and a linkage exists between this power and exposure to variable returns. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control.

All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

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Notes to the Condensed Consolidated Interim Financial Statements

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2. BASIS OF PREPARATION (CONTINUED)

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements prepared in accordance with with International Financial Reporting Standards (“IFRS”) and, accordingly, should be read in conjunction with the Company’s annual financial statements for the year ended August 31, 2020.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting.

The condensed consolidated interim financial statements are presented in Canadian Dollars, which is also the Company and its subsidiary’s functional currency, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended August 31, 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended August 31, 2020.

Foreign Currency Transactions

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the functional currency by the use of the exchange rate in effect at that date. At the year end date, unsettled monetary assets and liabilities are translated into the functional currency by using the exchange rate in effect at the year end and the related translation differences are recognized in the Company’s profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the functional currency by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in profit or loss or other comprehensive loss, consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

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Notes to the Condensed Consolidated Interim Financial Statements

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5. EXPLORATION AND EVALUATION ASSETS

	Sonora, Mexico	Kwedilima Cheetah, Tanzania	Mkuvia & Fakawi Tanzania	Panther1, Canada	Total
Balance – August 31, 2019	\$ -	\$ 526,245	\$ -	\$ 342,500	\$ 868,745
Deferred costs during the year					
Acquisition costs:	741,624	-	100,000	360,000	1,201,624
Exploration costs:					
Assays, staking and mapping	-	-	150,000	-	150,000
Consulting fees	-	11,451	105,949	-	117,400
Field equipment and supplies	-	-	225,874	-	225,874
Field work	-	73,235	-	-	73,235
Travel and accommodation	-	12,632	10,330	7,000	29,962
	-	97,318	492,153	7,000	596,471
Write-down	-	(623,563)	(592,153)	-	(1,215,716)
Balance – August 31, 2020	741,624	-	-	709,500	1,451,124
Deferred costs during the period					
Acquisition costs:	789,241	-	-	-	789,241
Exploration costs:					
Claims, leases, land permitting	68,699	-	-	-	68,699
Consulting fees	92,606	10,000	-	-	102,606
Field equipment and supplies	35,768	15,000	-	-	50,768
	197,073	25,000	-	-	222,073
Write-down	-	(25,000)	-	-	(25,000)
Balance – February 28, 2021	\$ 1,727,938	\$ -	\$ -	\$ 709,500	\$ 2,437,438

Sonora Gold Property, Mexico

On August 4, 2020 and amended February 1, 2021, the Company signed an option agreement (the “Agreement”) with Minerales de Tarachi S de RL de CV for an option for the Company to earn a 100% interest in the Sonora gold mineral concessions in the mining district of Benjamin Hill in Sonora, Mexico.

The Option may be exercised by making eleven cash payments, every six months, totaling US\$4,000,000 within five years of the execution of the Agreement (the "Execution Date" or August 4, 2020) as follows:

- US\$50,000 on the Execution Date (paid at the Canadian equivalent of \$66,650);
- US\$50,000 on or before March 10, 2021 (paid subsequent to February 28, 2021);
- US\$50,000 on the 1st anniversary of the Execution Date;
- US\$50,000 on the 18th month following the Execution Date;
- US\$50,000 on the 2nd anniversary of the Execution Date;
- US\$50,000 on the 30th month following the Execution Date;
- US\$150,000 on the 3rd anniversary of the Execution Date;
- US\$150,000 on the 42nd month following the Execution Date;
- US\$200,000 on the 4th anniversary of the Execution Date;
- US\$500,000 on the 54th month following the Execution Date; and
- US\$2,700,000 on the 5th anniversary of the Execution date.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The Company shall also issue to the optionor 10,000,000 common shares of the Company as follows:

- 1,500,000 common shares 2 business days following the date of filing of the Agreement with the CSE (the “Effective Date” or August 7, 2020) (issued at a fair value of \$607,500);
- 1,500,000 common shares on the 6th month following the Effective Date (issued at a fair value of \$690,000);
- 2,000,000 common shares on the 1st anniversary of the Execution Date;
- 2,000,000 common shares on the 2nd anniversary of the Execution Date; and
- 3,000,000 common shares on the 3rd anniversary of the Execution Date.

The Optionor retains a 3.0% net smelter royalty pursuant to the Agreement, of which 1.0% may be purchased by the Company for US\$1,000,000, reducing the Optionor's interest to 2.0%.

As at February 28, 2021, the Company owes Minerale de Tarachi S de RL de CV \$139,200 USD for exploration and evaluation expenditures which is included in accounts payable and accrued liabilities.

In connection with the Agreement, the Company has entered into a finder's fee agreement with Spirit Exploration Corp. ("Spirit") in consideration for services in introducing the Company to the Optionor, pursuant to which Spirit shall receive consideration in the form of shares at the rate of 10% of the cash and option payments payable under the Option Agreement during the first 3 years of the term of the Agreement as follows:

Cash payments:

- Cash payment of US\$5,000 or issuance of 17,241 common shares after the execution of the Agreement (issued 17,241 common shares at a fair value of \$6,724);
- Cash payment of US\$5,000 or issuance of 17,241 common shares on or before March 10, 2021;
- Cash payment of US\$5,000 or issuance of 17,241 common shares after the 1st anniversary of the Execution Date of the Agreement;
- Cash payment of US\$5,000 or issuance of 17,241 common shares after the 18th month following the Execution Date of the Agreement;
- Cash payment of US\$5,000 or issuance of 17,241 common shares after the 2nd anniversary of the Execution Date of the Agreement;
- Cash payment of US\$150,000 or issuance of 51,724 common shares after the 3rd anniversary of the Execution Date of the Agreement;

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Notes to the Condensed Consolidated Interim Financial Statements

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Share payments:

- Issuance of 150,000 common shares after the Effective Date of the Agreement (issued at a fair value of \$60,750);
- Issuance of 150,000 common shares after the 6th month following the Effective Date of the Agreement (issued at a fair value of \$69,000);
- Issuance of 200,000 common shares after the 1st anniversary of the Execution Date of the Agreement;
- Issuance of 200,000 common shares after the 2nd anniversary of the Execution Date of the Agreement; and
- Issuance of 300,000 common shares after the 3rd anniversary of the Execution Date of the Agreement.

In the event that the payments outlined are not paid, Spirit has agreed that no finder's fee shall be payable thereon by the Company.

On December 7, 2020 and amended March 3, 2021, the Company entered into an option agreement with Minerales De Tarachi S de RL De CV to earn a 100% interest in the Benjamin Hill mineral concession in Sonora, Mexico.

The Option may be exercised by making six cash payments, totaling US\$3,400,000 within five years of the execution of the Agreement (the "Execution Date" or December 7, 2020) as follows:

Cash payments:

- Cash payment of US\$20,000 plus value added tax (VAT) 30 days after the date of execution of the agreement;
- Cash payment of US\$30,000 plus VAT on the 1st anniversary of the execution date;
- Cash payment of US\$50,000 plus VAT on the 2nd anniversary of the execution date;
- Cash payment of US\$50,000 plus VAT on the 3rd anniversary of the execution date;
- Cash payment of US\$75,000 plus VAT on the 4th anniversary of the execution date; and
- Cash payment of US\$3,175,000 plus VAT on the 5th anniversary of the execution date.

Share payments:

- Issuance of 1,000,000 common shares on the effective date of the Agreement, which shall be two business days following the date of filing of the Agreement with the Canadian Securities Exchange (issued subsequent to February 28, 2021 at a fair value of \$450,000);
- Issuance of 1,000,000 common shares on the 1st anniversary of the Execution Date.

The Optionor retains a 3% net smelter royalty pursuant to the agreement, of which 1% may be purchased by the Company for US\$1,000,000, reducing the Optionor's interest to 2%.

In connection with the agreement, the Company has entered into a finder's fee agreement with Spirit Exploration Corp. ("Spirit") in consideration for services in introducing the Company to the Optionor, pursuant to which Spirit shall receive consideration paid half in cash and half in shares at the rate of 8% of the cash under the option agreement during the term of the agreement.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Kwedilima Cheetah Property, Tanzania

The Company entered into a sub-option agreement with AFGF Holdings (Tanzania) Ltd. (“AFGF”) and True Zone Resources Inc. (“True Zone”) dated September 26, 2014. AFGF is a private company existing under the laws of Tanzania. AFGF represented and warranted that it had acquired a 100% legal and beneficial interest in a prospecting licenses 6903/2011 & 6905/2011 located in the Handeni Kilindi Regional district of Tanzania. The prospecting licenses were issued February 28, 2011 and transferred in June 2011 to AFGF and grants rights for a period of 48 months to carry on prospecting operations.

The sub-option agreement lapsed and was replaced by an option agreement (the “Option Agreement”) between the Company and AFGF dated for reference September 30, 2016. The property that is the subject of the Option Agreement is located on prospecting license 11043/2016 in the Handeni Region, United Republic of Tanzania (the “Property”). The key terms of the Option Agreement are:

The Company can acquire an 80% undivided interest in and to the Property (the “Option”) free and clear of all charges, encumbrances and claims in consideration for:

- (i) cash payment of \$25,000 to AFGF (paid);
- (ii) issuance of 500,000 common shares of the Company to AFGF on or before September 26, 2017 (issued);
- (iii) incur \$75,000 in exploration expenses on or before September 26, 2016 (incurred); and
- (iv) an additional \$75,000 in exploration expenses on or before December 31, 2016 (incurred).

Pursuant to the Option Agreement, AFGF further granted the Company an option to purchase up to an additional 20% interest in the Property (the “Second Option”) upon exercise of the Option by the Company to earn an 80% interest in the Property.

The Second Option may be fully exercised to attain a further 20% legal and beneficial interest in the Property (for an aggregate of up to 100% legal and beneficial interest in the Property) for a 3 year period from the execution of the Option Agreement in consideration for further payments of:

- (i) \$1,000,000 for each additional 5% interest in the Property for up to \$4,000,000; or
- (ii) \$3,000,000 for an additional 15% interest in the Property whereby the Company may at its sole discretion, pay a further \$1,000,000 for a 3% net smelter return (the “Royalty”). The Company is entitled to repurchase up to 2% of the Royalty thereby reducing the Royalty to as low as 2% or 1% net smelter return as the case may be, which may be exercisable at any time, upon the Company giving AFGF notice of exercise together with \$1,000,000 for each 1% net smelter return for an aggregate of up to \$2,000,000.

During the year ended August 31, 2018, the Company exercised the option granted by the Option Agreement pursuant to an option exercise agreement among the Company, AFGF and its staking agent, Jafari Yassim Sebabili (“Sebabili”) (the “Option Exercise Agreement”). The key terms of the Option Exercise Agreement are that the Company will exercise the first option to earn an 80% interest in the Tanzania property and upon such exercise shall be deemed to have earned an additional 20% interest in the Tanzania property for a total 100% legal and beneficial interest. The prospecting license which comprises the Tanzania property (the “PL”) is held by Sebabili on behalf of AFGF and was in the process of being transferred to AFGF. Under the Option Exercise Agreement, Sebabili will withdraw the application to transfer the registration in the PL to AFGF and immediately register the Company as the 100% legal and beneficial owner of the PL. Until such registration occurs, Sebabili will hold the 100% legal and beneficial interest in the PL in trust for the Company.

During the year ended August 31, 2020, the Company abandoned its properties in Tanzania and wrote-down \$623,563 on its Kwedilima Cheetah Property.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Mkuvia & Fakawi Property, Tanzania

During the year ended August 31, 2020, the Company entered into option agreements with the Mkuvia and Fakawi properties. Mkuvia is a placer gold property in Southern Tanzania and Fukawi is a lode gold property in the Handeni area of East central Tanzania.

The Company may exercise the option to acquire an 80% net profit interest in the Mkuvia property free and clear of all charges, encumbrances and claims in consideration for:

- i. cash payment of US\$5,000 within 30 days of the effective date of this agreement (paid).

The Company can earn a 100% legal and beneficial interest in the licenses on the Fakawi Property, free and clear of all charges and encumbrances, on the following option terms:

- ii. cash payment of US\$75,000 upon execution of the option agreement (paid);
- iii. incur exploration expenditures of US\$75,000 to within 6 months of the effective date of the option agreement (incurred);
- iv. issuance of 1,000,000 common shares to the optionor on or before October 15, 2019 (not issued);
- v. initiate a US\$250,000 development and mining program within 6 months of the effective date of the option agreement;
- vi. cash payment of US\$100,000 within one year of the effective date of the option agreement; and
- vii. issuance of 1,000,000 common shares within one year of the effective date of the option agreement.

During the year ended August 31, 2020, the Company abandoned its properties in Tanzania and wrote-down \$592,153 on its Mkuvia & Fakawi Property.

Panther1 Property, Canada

On November 2018, the Company signed an option agreement to acquire an 80% interest in Panther1 Property, a vanadium property located on Vancouver Island, British Columbia. Under the terms of the agreement, the Company will make cash payments of \$100,000 to the optionor, issue 2,500,000 common shares to the optionor, and incur \$225,000 in exploration expenditures by December 31, 2019 as follows:

- Cash payment of \$50,000 to the optionor within five business days upon execution of this Agreement (paid);
- Issuance of 1,000,000 common shares of the optionee to the optionor within five business days upon execution of this Agreement (issued at a fair value of \$190,000);
- Incur \$75,000 in exploration expenses on or before December 31, 2018 (incurred);
- Payment of \$50,000 to the optionor by May 15, 2019 (paid);
- Issuance of 1,500,000 common shares of the optionee to the optionor on or before October 31, 2019 (issued at a fair value of \$210,000); and
- Incur \$150,000 in exploration expenses on or before December 31, 2019 (paid in lieu of incurring expenditures and classified as acquisition cost).

As at February 28, 2021, the Company has advanced aggregate funds of \$Nil (August 31, 2020 - \$57,286) to various third parties for future exploration work on the properties.

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6. CAPITAL STOCK

Authorized – unlimited common and preferred shares without par value

Issued and outstanding:

Share capital transactions during the period ended February 28, 2021 were as follows:

- 1,423,077 warrants and broker's warrants were exercised for proceeds of \$213,462.
- 1,500,000 shares were issued at a fair value of \$690,000 for an exploration and evaluation asset.
- 150,000 shares were issued at a fair value of \$69,000 as a finder's fee for an exploration and evaluation asset.

Share capital transactions during the year ended August 31, 2020 were as follows:

- 1,500,000 shares were issued at a fair value of \$210,000 for an exploration and evaluation asset.
- 1,500,000 shares were issued at a fair value of \$607,500 for an exploration and evaluation asset.
- 167,241 shares were issued at a fair value of \$67,474 in connection with a finder's fee agreement for an exploration and evaluation asset.
- Closed a private placement at \$0.13 per unit from the sale of 7,713,616 units for gross proceeds of \$1,002,770. Each unit comprises of one common share and one share purchase warrant, where each warrant may be exercised to purchase a further common share at a price of \$0.15 for a period of two years. A value of \$192,840 was allocated to the warrants using the residual method and was recorded in reserves. Insiders purchased 1,615,385 units in this private placement.
- 2,716,731 stock options were exercised for gross proceeds of \$353,175. A value of \$223,611 was transferred from reserves to share capital on exercise.
- 1,278,375 warrants and broker's warrants were exercised for proceeds of \$229,706, of which \$1,975 was receivable at August 31, 2020. A value of \$14,360 was transferred from reserves on exercise of agent's warrants.

Stock options

The Company's plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares. No stock option granted under the plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

A summary of the Company's outstanding share purchase options as at February 28, 2021 and the changes during the period are presented below:

	Number of Options	Weighted Average Exercise Price
Balance – August 31, 2019	-	\$ -
Granted	3,604,941	0.16
Exercised	(2,716,731)	0.13
Balance – August 31, 2020	888,210	0.25
Granted	2,700,000	0.59
Balance – February 28, 2021	3,588,210	\$ 0.51

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6. CAPITAL STOCK (CONTINUED)

Number of Options	Exercise Price (\$)	Expiry Date
888,210	0.25	July 22, 2025
2,700,000	0.59	February 25, 2026
3,588,210		

Stock based compensation

During the period ended February 28, 2021, the Company granted 2,700,000 stock options (year ended August 31, 2020 – 3,604,941) at a weighted average exercise price of \$0.59 per share (year ended August 31, 2020 – \$0.16 per share).

The weighted average fair value of each stock option granted during the period ended February 28, 2021 was \$0.46 (year ended August 31, 2020 - \$0.12), calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	<u>Period ended</u> <u>February 28, 2021</u>	<u>Year ended</u> <u>August 31, 2020</u>
Risk-free interest rate	0.93%	1.10%
Expected life of option	5 years	2.5 years
Expected dividend yield	0%	0%
Expected stock price volatility	125%	150%

Share purchase warrants

A summary of the Company's outstanding share purchase warrants as at February 28, 2021 and the changes during the period are presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding – August 31, 2019	1,272,625	\$ 0.20
Granted	7,713,616	0.15
Exercised	(1,278,375)	0.18
Expired	(486,000)	0.20
Outstanding – August 31, 2020	7,221,866	0.15
Exercised	(1,423,077)	0.15
Outstanding – February 28, 2021	5,798,789	\$ 0.15

Number of Warrants	Exercise Price (\$)	Expiry Date
8,250	0.15	July 18, 2021
5,790,539	0.15	December 4, 2021*
5,798,789		

*354,000 warrants exercised subsequent to February 28, 2021 for proceeds of \$53,100.

Reserves

Reserves relate to share-based payment reserve, which represent the fair value of stock options or warrants until such time that the share-based instruments are exercised, at which time the corresponding amount will be transferred to share capital.

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7. RELATED PARTY TRANSACTIONS

As at February 28, 2021, there is \$146,358 (August 31, 2020 - \$133,471) due to a former director of the Company and \$5,880 (August 31, 2020 - \$Nil) due to a director of the Company. These amounts are non-interest bearing and have no specified terms of repayment.

As at February 28, 2021, there is \$55,204 (August 31, 2020 - \$55,204) due from a company with common directors with the Company. These amounts are non-interest bearing and have no specified terms of repayment.

During the period ended February 28, 2021, the Company incurred \$30,800 (2020 - \$Nil) in consulting fees from a company controlled by a director of the Company.

During the period ended February 28, 2021, the Company incurred \$31,500 (2020 - \$30,000) in consulting fees from a company controlled by a former director of the Company.

During the period ended February 28, 2021, the Company incurred \$21,000 (2020 - \$21,000) in rent from a company controlled by a former director of the Company.

During the period ended February 28, 2021, the Company granted stock options to related parties valued at \$919,536 (2020 - \$249,625).

8. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the period.

9. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

The Company's financial instruments consist of cash, amounts receivable, accounts payable, loan payable and due to / from related parties. The fair value of all financial instruments approximate their carrying values. Cash is classified as fair value through profit and loss and amounts receivable is classified at amortized cost. Accounts payable, due to / from related parties and loan payable are classified as amortized cost.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due or can do so only at excessive cost. The Company has working capital of \$87,120 at February 28, 2021. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

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9. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

The Company's approach to managing liquidity is to ensure that it will always have sufficient cash to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring cash flow requirements relating to its anticipated exploration and evaluation activities as well as general overhead requirements.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. The Company conducts some of its business in US dollars and is therefore exposed to variations in the foreign exchange rate. In management's opinion there is no material foreign exchange risk to the Company.

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets.

The Company operates in both Canada and Mexico. The Company's exploration and evaluation assets are located in Canada and Mexico.

11. LOAN PAYABLE

During the period ended February 28, 2021, the Company received a loan from a third party for \$250,000. The loan carries an annual interest rate of 6%, payable on demand.