AMERICAN PACIFIC
MINING CORP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

(unaudited)

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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated condensed consolidated interim financial statements of American Pacific Mining Corp. for the three months ended March 31, 2021 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at	Note(s)	March 31, 2021 $	December 31, 2020 $
ASSETS			
Current assets			
Cash and cash equivalents	3	1,326,077	1,465,912
Marketable securities	4	-	920,000
Amounts receivable		39,961	27,173
Prepaid expenses		54,292	51,916
		1,420,330	**2,465,001**
Non-current assets			
Reclamation deposits	5	25,182	25,482
Property and equipment	6	52,825	57,135
Exploration and evaluation assets	7	9,230,033	9,315,638
		9,308,040	**9,398,255**
TOTAL ASSETS		**10,728,370**	**11,863,256**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	183,474	149,298
TOTAL LIABILITIES		**183,474**	**149,298**
SHAREHOLDERS' EQUITY			
Share capital	8	17,990,492	17,986,766
Stock options reserve	8	1,625,635	1,625,635
Warrants reserve	8	1,662,393	1,664,364
Accumulated deficit		(10,302,061)	(9,191,842)
Accumulated other comprehensive loss		(431,563)	(370,965)
TOTAL SHAREHOLDERS' EQUITY		**10,544,896**	**11,713,958**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**10,728,370**	**11,863,256**

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These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Warwick Smith Director **/s/ Norman Wareham Director**

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended March 31, 2021 $	March 31, 2020 $
Expenses			
Bank charges		198	896
Consulting fees	9	88,036	160,989
Depreciation	6	681	592
Directors' fees	9	7,450	8,461
Exploration and evaluation costs	6, 7, 9	67,472	79,642
General and administrative costs		21,022	23,353
Professional fees	9	59,392	54,284
Project evaluation costs		19,670	-
Shareholder information and investor relations		66,143	146,016
Transfer agent, regulatory and listing fees		15,549	19,929
Travel		2,505	5,730
		(348,118)	**(499,892)**
Other income (expenses)			
Foreign exchange loss (gain)		3,531	(699)
Finance income		4,368	-
Change in fair value of marketable securities	4	(820,000)	-
Gain from option-out of interest in mineral property	7	50,000	-
		(762,101)	**(699)**
Loss for the period		**(1,110,219)**	**(500,591)**
Other comprehensive loss			
Foreign currency translation differences for foreign operations		(60,598)	-
		(60,598)	**-**
Total comprehensive loss		**(1,170,817)**	**(500,591)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**(0.02)**	**(0.02)**
Weighted average number of common shares outstanding - basic and diluted		**65,490,639**	**20,942,462**

(Expressed in Canadian Dollars)

		Share capital						
	Note(s)	Number of shares	Amount	Options	Warrants	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance at December 31, 2020		**65,489,625**	**17,986,766**	**1,625,635**	**1,664,364**	**(9,191,842)**	**(370,965)**	**11,713,958**
Shares issued for cash - warrant exercise	8	7,019	1,755	-	-	-	-	**1,755**
Reclassification of grant-date fair value on exercise of warrants	8	-	1,971	-	(1,971)	-	-	**-**
Loss		-	-	-	-	(1,110,219)	-	**(1,110,219)**
Other comprehensive loss		-	-	-	-	-	(60,598)	**(60,598)**
Balance at March 31, 2021		**65,496,644**	**17,990,492**	**1,625,635**	**1,662,393**	**(10,302,061)**	**(431,563)**	**10,544,896**
Balance at December 31, 2019		**20,915,112**	**7,871,934**	**816,631**	**28,580**	**(6,606,469)**	**(31,622)**	**2,079,054**
Shares issued for exploration and evaluation assets		88,889	12,000	-	-	-	-	**12,000**
Loss		-	-	-	-	(500,591)	-	**(500,591)**
Balance at March 31, 2020		**21,004,001**	**7,883,934**	**816,631**	**28,580**	**(7,107,060)**	**(31,622)**	**1,590,463**

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

		For the three months ended	
	Note(s)	March 31, 2021 $	March 31, 2020 $
Cash flow provided from (used by) OPERATING ACTIVITIES			
Loss for the period		(1,110,219)	(500,591)
Adjustments for items not affecting cash:			
Depreciation	6, 7	3,686	592
Change in fair value of investments	4	820,000	-
Unrealized foreign exchange		-	(2,307)
Change in non-cash working capital			
Amounts receivable		(12,788)	14,375
Prepaid expenses		(2,405)	113,428
Accounts payable and accrued liabilities		34,176	119,077
Cash flow used in operating activities		**(267,550)**	**(255,426)**
INVESTING ACTIVITIES			
Proceeds from sale of marketable securities	4	100,000	-
Recovery of exploration and evaluation assets	7	31,655	-
Cash flow provided by (used in) investing activities		**131,655**	**-**
FINANCING ACTIVITIES			
Proceeds on issuance of warrants, net of cash issuance costs	8	1,755	-
Cash flow provided by financing activities		**1,755**	**-**
Effects of exchange rate changes on cash and cash equivalents		(5,695)	-
Change in cash and cash equivalents		**(139,835)**	**(255,426)**
Cash and cash equivalents, beginning of period		**1,465,912**	**513,021**
Cash and cash equivalents, end of period		**1,326,077**	**257,595**
SUPPLEMENTAL CASH FLOW			
Reclassification of grant-date fair value on exercise of stock warrants from reserves to share capital	8	1,971	-
Shares issued for exploration and evaluation assets		-	12,000
Cash paid during the period for interest		-	-
Cash paid during the period for income taxes		-	-

1) CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

American Pacific Mining Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017, and is in the business of mineral exploration.

The Company's head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

At the date of the unaudited condensed consolidated interim financial statements, 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. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at March 31, 2021, the Company had working capital of $1,236,856 (December 31, 2020 – working capital of $2,315,703) and an accumulated deficit of $10,302,061 (December 31, 2020 – accumulated deficit of $9,191,842). The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to funds operating costs over the next twelve months with cash and cash equivalents and through further equity financings. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

COVID-19

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

These unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2021 were approved by the Board of Directors on May 31, 2021.

(Expressed in Canadian Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is 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 this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2021 that impacted these condensed consolidated interim financial statements.

3) CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020
	$	$
Cash	309,325	453,528
Cash equivalents	1,016,752	1,012,384
	1,326,077	**1,465,912**

4) MARKETABLE SECURITIES

On November 6, 2020, the Company received 2,000,000 shares (the "AmmPower Shares") of AmmPower Corp. ("AmmPower"), formerly Soldera Mining Corp., with a fair value of $920,000 pursuant to the option agreement (the "AmmPower Agreement") entered between Elko Sun Mining Corp. ("Elko Sun") and AmmPower (Note 7). The AmmPower Shares will be subject to escrow and released in equal increments in six months, nine months and twelve months from the date of issuance.

On March 23, 2021, AmmPower bought back the AmmPower Shares from the Company for $100,000 (Note 7); as a result, the Company recognized a loss of change in fair value of $820,000 in the statement of loss and comprehensive loss during the three months ended March 31, 2021.

As at March 31, 2021, the Company does not hold any common shares of AmmPower (December 31, 2020 – 2,000,000 common shares with fair value of $920,000).

(Expressed in Canadian Dollars)

5) RECLAMATION DEPOSITS

The Company has reclamation deposits of $25,182 (US$20,000). These bonds were put up as collateral for the Tuscarora project in the event of future operations (December 31, 2020 – $25,482 (US$20,000)).

6) PROPERTY AND EQUIPMENT

	Building	Computer equipment	Total
Cost			
As at December 31, 2020	60,476	9,076	**69,552**
Effect of movements in exchange rates	(712)	-	**(712)**
As at March 31, 2021	**59,764**	**9,076**	**68,840**
Depreciation			
As at December 31, 2020	(6,048)	(6,369)	**(12,417)**
Charged for the period	(3,005)	(681)	**(3,686)**
Effect of movements in exchange rates	88	-	**88**
As at March 31, 2021	**(8,965)**	**(7,050)**	**(16,015)**
Net book value			
As at December 31, 2020	**54,428**	**2,707**	**57,135**
As at March 31, 2021	**50,799**	**2,026**	**52,825**

During the three months ended March 31, 2021, the Company charged $3,686 (March 31, 2020 – $592) in depreciation of which $3,005 was recognized as exploration and evaluation costs in the statements of loss (Note 7) (March 31, 2020 – $nil).

7) EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets as of March 31, 2021

	Gooseberry project $	Madison project $	South Lida claims $	Total $
Balance as at December 31, 2020	**46,799**	**8,714,005**	**554,834**	**9,315,638**
Option payments received	-	(31,655)	-	**(31,655)**
Effect of movements in exchange rate	(3,882)	(28,892)	(21,176)	**(53,950)**
Balance as at March 31, 2021	**42,917**	**8,653,458**	**533,658**	**9,230,033**

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation costs incurred by the Company during the three months ended March 31, 2021

	For the three months ended March 31, 2021			
	Gooseberry project	**Madison project**	**Tuscarora property**	**Total**
	$	**$**	**$**	**$**
Consulting	8,072	26,907	8,072	**43,051**
Depreciation	-	3,005	-	**3,005**
Equipment rental	-	-	475	**475**
Field	-	4,570	78	**4,648**
Field technicians	-	2,554	-	**2,554**
Geological	-	-	13,169	**13,169**
Sample analysis	-	-	570	**570**
	8,072	**37,036**	**22,364**	**67,472**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

South Lida claims (Nevada, US)

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the "SL Claims Purchase Agreement") with David Saderholm (the "Trustee"), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the "Vendors") whereby the Vendors agreed to sell the South Lida Property in exchange for shares in the Company.

Under the SL Claim Purchase Agreement, the Company will issue to the Vendors a total of 1,000,000 common shares (the "Property Shares") as follows:

a) 166,667 Property Shares on July 1, 2017 (issued);
b) 166,667 Property Shares on the listing date (issued);
c) 333,333 Property Shares on the earlier of (i) six months after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued); and
d) 333,333 Property Shares on the earlier of (i) the one-year anniversary after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued during fiscal 2019 at a fair value of $220,000).

The acquisition of the South Lida property is a related party transaction as two of the Vendors are officers and directors of the Company.

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora property (Nevada, US)

On November 6, 2017, the Company entered into an option agreement (the "Tuscarora Option Agreement") with Novo Resources Corp. The Tuscarora Option Agreement was amended on December 18, 2019 (the "Amended Tuscarora Option Agreement"). Pursuant to the Tuscarora Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Property (the "Tuscarora Option").

Pursuant to the Amended Tuscarora Option Agreement, to earn the Tuscarora Option, the Company will:

a) make $400,000 cash payments to Novo Resources Corp. as follows:

   i. $125,000 due on the earlier of the listing date and January 31, 2018 (paid);
   ii. $125,000 due on the earlier of the first anniversary of the listing date and January 31, 2019 (paid); and
   iii. $150,000 due on January 31, 2021 (paid by AmmPower);

b) issue 266,667 common shares of the Company to Novo Resources Corp. in three equal instalments, with one-third issued on each of the listing date (issued) and the first (88,889 shares issued with a fair value of $58,666 during the year ended December 31, 2019) and second anniversaries of the listing date (88,889 shares issued on March 4, 2020); and

c) incur US$100,000 in expenditures on the property annually, starting on the twelve-month period commencing on the first anniversary of the listing date and per each successive twelve-month period thereafter.

The property is subject to net smelter returns royalties of 0.5% which may be reduced to nil (0%) by paying US$500,000.

In addition, the Company is also required to make the following payments to the Ely Gold Royalties ("Ely Gold"), the owner of the Tuscarora property:

a) Annual minimum royalty payments

On or before:	$	
November 7, 2018	4,000	Paid
November 7, 2019	4,000	Paid
November 7, 2020 (1)	4,000	Paid
November 7, 2021	8,000	
November 7, 2022	8,000	
November 7, 2023	8,000	
November 7, 2024	8,000	
November 7, 2025	8,000	
November 7, 2026 and each succeeding anniversary	12,000	

(1) Paid by AmmPower.

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora property (Nevada, US) (continued)

b) Production royalty based on the net smelter returns from the production and sale of minerals from the Tuscarora property. The royalty percentage rate for precious metals is based on the average daily price per troy ounce of gold during the period of production of minerals from the Tuscarora property for which the royalty is payable as follows:

• less than or equal to $1,500	Two percent (2%)
• greater than $1,500 but less than or equal to $2,000	Three percent (3%)
• greater than $2,000	Four percent (4%)

The royalty percentage will apply for all other minerals is 2.5% of the net smelter returns.

On March 19, 2018, the Company expanded the Tuscarora Gold Project through the additional staking of 67 claims in Elko County, Nevada.

Earn-in Agreement with Elko Sun

On August 4, 2020, the Company entered into an earn-in agreement with Elko Sun (the "Elko Sun Agreement"), a private company in British Columbia, Canada.

On November 4, 2020, Elko Sun entered into the AmmPower Agreement with AmmPower. Pursuant to the AmmPower Agreement, AmmPower will issue 2,000,000 AmmPower Shares to the Company (issued – Note 4).

According to the AmmPower Agreement, AmmPower can earn up to a 51% interest in the Tuscarora Gold Project by making cash payments to or on behalf of the Company in the aggregate amount of $200,000, of which $50,000 should be made within 4 months from date of the Elko Sun Agreement (paid), making share payments to the Company (issued – Note 4), and funding exploration expenditures of $1.35 million towards the Tuscarora Gold Project within 24 months from the date of the Elko Sun Agreement ("AmmPower Phase 1").

Subject to the completion of AmmPower Phase 1, AmmPower will have four years from the date of the Elko Sun Agreement (the "AmmPower Option Period") to exercise an option to earn an additional 14% interest by making additional share payments to the Company and further funding the exploration expenditures of $3 million towards the Tuscarora Gold Project ("AmmPower Phase 2").

Subject to its completion of AmmPower Phase 2, AmmPower may exercise an option to earn a final 15% interest (for total interest of 80%) by completing a pre-feasibility study on the Tuscarora Gold Project before the end of the Option Period ("AmmPower Phase 3").

In addition, AmmPower will also be responsible for making the payments to the Tuscarora property holders and paying the claim fees.

AmmPower will be the operator of the Tuscarora project and, upon earning-in an interest, a joint venture management committee will be formed.

On March 23, 2021, the Company entered into an agreement with Elko Sun and AmmPower to terminate the Elko Sun Agreement and AmmPower Agreement.

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, US)

The Madison Project is currently under an earn-in, joint venture agreement signed by Broadway Gold Corp. ("Broadway"), a wholly-owned subsidiary of the Company, on April 30, 2019, whereby Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group (ASX, LON: RIO) must spend US$30 million to earn up to 70% of the project.

Under the terms of the earn-in agreement, Kennecott has an option to acquire a 55% undivided interest (the "First Option") in the property by incurring exploration and related expenditures of US$5 million[1] within the first five years, including a minimum exploration budget of US$1 million in the first year.

If Kennecott exercises the First Option, it may elect to earn an additional 10% undivided interest (the "Second Option"), for a total undivided interest of 65%, by incurring additional expenditures of US$10 million[1] within the following three years.

If Kennecott exercises the Second Option, it may elect to earn an additional 5% undivided interest (the "Third Option"), for a total of 70%, by incurring additional expenditures of US$15 million[1] within the subsequent three-year period. Kennecott may elect to create the joint venture after exercising each option to earn in.

In addition, in order to exercise the First Option, Kennecott is required to make the following cash payment to Broadway in an amount of US$225,000 over the first five years:

- $50,000 on April 30, 2019 (paid);
- $25,000 on or before April 30, 2020 (paid);
- $25,000 on or before April 30, 2021 (paid);
- $25,000 on or before April 30, 2022;
- $25,000 on or before April 30, 2023; and
- $75,000 on or before April 30, 2024.

On May 17, 2021, the Company entered into an amendment agreement (the "First Amendment Agreement") with Kennecott. Under the First Amendment Agreement, the payment, including the annual pre-production payment of US$50,000 due on April 1 of each year until the commercial production is commenced, made directly or indirectly by Kennecott to keep the Madison Project in good standing is considered as the Option Expenditures.

Pursuant to the earn-in agreement:

- Kennecott may request Broadway to conduct exploration on its behalf during the first year in return for a 10% administration charge.
- Broadway has the right to conduct independent drilling and exploration of the skarn zones during the first year.
- Broadway has a right of first offer to acquire Kennecott's interest in the property in the event Kennecott wishes to divest its interest.
- The joint venture may be formed with 55% to Kennecott and 45% to Broadway upon the Kennecott exercise the First Option, 65% to Kennecott and 35% to Broadway upon the Kennecott exercise the Second Option, or 70% to Kennecott and 30% to Broadway upon exercise the Third Option.

[1] Collectively the "Option Expenditures"

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, US) (continued)

- The joint venture will be managed by the Rio Tinto Group and financed by each participant in accordance with its interest.

- Broadway may elect to not finance its interest and be diluted down to a 10% interest. If Broadway is diluted below 10% interest, its interest will convert to a 2% net smelter royalty with a maximum amount payable of US$50 million.

Gooseberry Gold Project (Nevada, US)

On April 23, 2019, the Company acquired through staking the historic Gooseberry Mine in Storey Nevada, US. The Gooseberry Gold project includes 42 unpatented claims, totaling approximately 708 acres.

Earn-in Agreement with GRAC Global Resource Acquisition Corp. ("GRAC")

On November 4, 2020, the Company entered into an earn-in agreement with GRAC (the "GRAC Agreement"), a private company in British Columbia, Canada.

According to the GRAC Agreement, GRAC can earn up to a 51% interest in the Gooseberry Gold Project within 24 months from the date of the GRAC Agreement ("GRAC Phase 1") by:

- making a non-refundable cash payment to the Company of $50,000 within the four months after date of the GRAC Agreement (received subsequent to March 31, 2021);
- issuing 2,000,000 shares to the Company on or before the earlier of:
  - 2 months from the date GRAC completes a transaction to list on the Canadian Securities Exchange or any other recognized stock exchange;
  - 24 months from the date of the GRAC Agreement; and
- funding exploration expenditures of $1.5 million towards the Gooseberry Gold Project within 24 months from the date of the GRAC Agreement.

Subject to the completion of GRAC Phase 1, GRAC will have four years from the date of the GRAC Agreement (the "GRAC Option Period") to exercise an option to earn an additional 14% interest by making additional one million share payments to the Company and further funding the exploration expenditures of $3 million towards the Gooseberry Gold Project ("GRAC Phase 2").

Subject to its completion of GRAC Phase 2, GRAC may exercise an option to earn a final 15% interest (for total interest of 80%) by completing a feasibility study on the Gooseberry Gold Project before the end of the Option Period ("GRAC Phase 3").

In addition, GRAC will also responsible of making the payments to the Gooseberry Gold Project holders and pay the claim fees.

GRAC will be the operator of the Gooseberry Gold project and, upon earning-in an interest, a joint venture management committee will be formed.

Subsequent to March 31, 2021, the Company entered into an agreement with GRAC to terminate the GRAC Agreement.

(Expressed in Canadian Dollars)

8) SHARE CAPITAL AND RESERVES

Authorized share capital
Unlimited number of common shares without par value.

Escrow shares
During the year ended December 31, 2018, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. During the three months ended March 31, 2021, 87,500 common shares were released from escrow (March 31, 2020 – 87,500). At March 31, 2021, there were no common shares held in escrow (December 31, 2020 – 87,500).

Issued share capital
At March 31, 2021, the Company had 65,496,644 common shares issued and outstanding (December 31, 2020 – 65,489,625) with a value of $17,990,492 (December 31, 2020 – $17,986,766).

During the three months ended March 31, 2021

- 7,019 warrants were exercised for proceeds of $1,755. In addition, the Company reclassified the grant date fair value of the exercised warrants of $1,971 from warrants reserve to share capital.

During the three months ended March 31, 2020

- On March 4, 2019, the Company issued 88,889 common shares with a fair value of $12,000 in exchange for the Tuscarora Property (Note 7).

Warrants
The changes in warrants during the three months ended March 31, 2021, are as follows:

	Number outstanding	Weighted average exercise price ($)
Balance, beginning of period	**32,149,101**	**0.24**
Exercised	(7,019)	0.25
Expired	(2,433,655)	0.60
Balance, end of period	**29,708,427**	**0.21**

During the three months ended March 31, 2021

- 2,433,655 warrants with an expiry date of February 28, 2021 expired unexercised.

During the three months ended March 31, 2020

- 117,902 warrants with an expiry date of February 28, 2020 expired unexercised.

- The Company extended the expiry date of 2,433,655 warrants with an expiry date of February 28, 2020 to February 28, 2021. The extension was approved by the Canadian Securities Exchange.

(Expressed in Canadian Dollars)

8) SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants (continued)

The following summarizes information about warrants outstanding at March 31, 2021:

Expiry date	Exercise price ($)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
November 22, 2021	0.20	24,756,499	242,467	0.65
December 25, 2021	0.25	4,951,928	1,391,344	0.74
		29,708,427	**1,633,811**	**0.66**

Subsequent to March 31, 2021, 4,325,000 warrants were exercised.

Stock options

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is ten years from the grant date. Under the stock option plan, management has the option of determining vesting periods.

No options were granted, exercised or cancelled during the three months ended March 31, 2021.

During the three months ended March 31, 2020, 100,000 stock options were cancelled.

No share-based payments expense arising from stock options was recognized during the three months ended March 31, 2021 and 2020.

The following summarizes information about stock options outstanding and exercisable at March 31, 2021:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
May 14, 2025	0.325	350,000	350,000	44,450	4.12
July 22, 2025	0.490	2,500,000	2,500,000	764,554	4.31
		2,850,000	**2,850,000**	**809,004**	**4.29**
Weighted average exercise price ($)		**0.47**	**0.47**		

(Expressed in Canadian Dollars)

9) RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the 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 executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the three months ended March 31, 2021 and 2020:

		For the three months ended	
		March 31, 2021	**March 31, 2020**
	Footnote	**$**	**$**
Warwick Smith, CEO and Director			
Consulting fees	(1)	54,750	40,020
Eric Saderholm, President and Director			
Consulting fees		10,786	13,449
Exploration and evaluation costs		42,810	44,292
		53,596	57,741
Alnesh Mohan, CFO and Corporate Secretary			
Professional fees	(2)	10,400	-
Norman Wareham, Director, Former CFO and Corporate Secretary			
Consulting fees	(3)	22,500	22,500
Ken Cunningham, Director			
Directors' fees		3,776	4,231
Joness Lang, Director			
Directors' fees		3,674	4,230
Total		**148,696**	**128,722**

(1) Paid to Harbourside Consulting Ltd. which is controlled by Mr. Smith.
(2) Paid to Quantum Advisory Partners LLP, an accounting firm in which Mr. Mohan is an incorporated partner.
(3) Paid to Inlet Consulting Ltd. which is controlled by Mr. Wareham.

As at March 31, 2021, the balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $49,567 (December 31, 2020 – $33,548). These amounts are unsecured, non-interest bearing and payable on demand.

(Expressed in Canadian Dollars)

10) SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	Total $	Canada $	United States $
As at March 31, 2021			
Non-current assets			
Reclamation deposits	25,182	-	25,182
Property and equipment	52,825	2,026	50,799
Exploration and evaluation assets	9,230,033	-	9,230,033
	9,308,040	**2,026**	**9,306,014**
As at December 31, 2020			
Non-current assets			
Reclamation deposits	25,482	-	25,482
Property and equipment	57,135	2,707	54,428
Exploration and evaluation assets	9,315,638	-	9,315,638
	9,398,255	**2,707**	**9,395,548**

11) CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the three months ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

12) FINANCIAL INSTRUMENTS

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	March 31, 2021	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash and cash equivalents	1,326,077	1,326,077	-	-
Amounts receivable	39,961	-	39,961	-
Reclamation deposits	25,182	-	25,182	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(183,474)	-	(183,474)	-

	December 31, 2020	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash and cash equivalents	1,465,912	1,465,912	-	-
Amounts receivable	27,173	-	27,173	-
Reclamation deposits	25,482	-	25,482	-
Marketable securities	920,000	920,000	-	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(149,298)	-	(149,298)	-

The carrying values of amounts receivable, reclamation deposits, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

12) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

Fair value (continued)

As at March 31, 2021 and December 31, 2020, the financial instrument recorded at fair value on the statements of financial position is cash and cash equivalents and marketable securities which is measured using Level 1 of the fair value hierarchy. As at March 31, 2021 and December 31, 2020, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable.

The Company's cash and cash equivalents is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash and cash equivalents based in Canada are accessible. The Company's amounts receivable balance does not represent significant credit exposure as it is principally due from the Government of Canada.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at March 31, 2021, the Company had cash and cash equivalents of $1,326,077 and accounts payable and accrued liabilities of $183,474. All accounts payable and accrued liabilities are current.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash and cash equivalents are easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on the balance of cash at March 31, 2021 would result in an approximately $13,000 change to the Company's loss for the three months ended March 31, 2021.

12) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Foreign Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, amounts receivable, and accounts payable and accrued liabilities are held in CAD and United States dollars ("US"); therefore, US accounts are subject to fluctuation against the CAD.

The Company's financial instruments were denominated as follows as at March 31, 2021:

	CA$	US$
Cash and cash equivalents	1,298,434	21,955
Amounts receivable	39,961	-
Reclamation deposits	-	20,000
Accounts payable and accrued liabilities	(159,319)	(19,184)
	1,179,076	**22,771**
Rate to convert to $1.00 CAD	1.00	1.26
Equivalent to CAD	**1,179,076**	**28,671**

Based on the above net exposures as at March 31, 2021, and assuming that all other variables remain constant, a 10% change of the CAD against the US would change profit or loss by approximately $3,000.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.

13) SUBSEQUENT EVENT

On May 25, 2021, the Company entered into an agreement for a private placement (the "Proposed Private Placement") with a strategic investor, Michael Gentile, CFA. Pursuant to the Proposed Private Placement, the Company will issue up to 8,181,964 units at $0.125 per unit to Michael Gentile for gross proceeds up to $1,022,746. Each unit consists of one common share and one warrant (the "Proposed Private Placement Warrants"), which entitles the holder to purchase one common share of the Company at $0.16 for a period of two years.

On closing the Proposed Private Placement (the "Closing Date"), Michael Gentile may own up to 19.99% of the Company assuming all of the Proposed Private Placement Warrants are exercised by the Closing Date and no other common shares of the Company are issued.