

GRAYCLIFF EXPLORATION LIMITED

Condensed Interim Financial Statements (Unaudited)

For the Three and Six Months Ended June 30, 2021 and 2020

(Expressed in Canadian Dollars)

GRAYCLIFF EXPLORATION LIMITED
Condensed Interim Statements of Financial Position
(unaudited)

As at June 30, 2021 and December 31, 2020

Expressed in Canadian dollars

	June 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash	\$ 2,506,855	\$ 1,026,220
Amounts receivable	70,931	61,364
Prepaid expenses	130,698	41,406
	\$ 2,708,484	\$ 1,128,990
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 160,297	\$ 185,461
Flow-through share premium liability (Note 4)	10,881	24,753
	171,178	210,214
Non-Current liabilities		
Convertible debenture (Note 5)	---	432,396
Total liabilities	171,178	642,610
Shareholders' equity		
Share capital (Note 6)	5,971,004	2,206,479
Contributed surplus	776,500	311,850
Equity component of convertible debenture (Note 5)	---	114,221
Warrants	531,071	39,238
Deficit	(4,741,269)	(2,185,408)
	2,537,306	486,380
	\$ 2,708,484	\$ 1,128,990

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 7)

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

On behalf of the Board,

"Signed"

David Lees

David Lees
Director

"Signed"

James Macintosh

James Macintosh
Director

GRAYCLIFF EXPLORATION LIMITED

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss

(unaudited)

For the three and six months ended June 30, 2021 and 2020

Expressed in Canadian dollars

	Three Months		Six Months	
	2021	2020	2021	2020
Operating Expenses				
Project acquisition costs	\$ 936,000	\$ ---	\$1,161,000	\$ ---
Stock-based compensation	501,120	---	501,120	---
Exploration and evaluation	426,245	---	563,406	---
Promotion and shareholder communication	47,010	---	172,054	---
Management fees (Note 7)	46,500	18,750	84,000	45,500
Corporate advisory fees (Note 7)	30,000	---	60,000	10,250
General and administrative costs	14,376	4,453	43,647	30,450
Professional and consulting fees	3,356	4,415	6,515	34,937
Net loss and comprehensive loss before other items	(2,004,607)	(27,618)	(2,591,742)	(121,137)
Deferred income tax recovery	4,889	---	13,872	---
Gain on conversion of convertible debenture	---	---	22,009	---
Interest income (Note 3)	---	932	---	1,612
Net loss and comprehensive loss for the period	\$(1,999,718)	\$ (26,686)	\$(2,555,861)	\$(119,525)
Basic and diluted loss per common share (Note 9)	\$ (0.08)	\$ (0.00)	\$ (0.12)	\$ (0.01)
Weighted average number of shares outstanding during the period – basic and diluted	23,435,007	15,354,882	20,846,027	15,354,882

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

GRAYCLIFF EXPLORATION LIMITED

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity

(unaudited)

For the six months ended June 30, 2021 and 2020

Expressed in Canadian dollars

	Shares Outstanding	Share Capital	Warrants	Contributed Surplus	Equity Component of Convertible Debenture	Deficit	Total
	(##)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance at December 31, 2019	15,354,882	733,767	---	---	---	(294,497)	(439,270)
Net loss for the period	---	---	---	---	---	(119,525)	(119,525)
Balance at June 30, 2020	15,354,882	733,767	---	---	---	(414,022)	319,745
Balance at December 31, 2020	17,889,882	2,206,479	39,238	311,850	114,221	(2,185,408)	486,380
Issue of share capital - private placements (Note 6)	3,521,332	1,955,728	491,833	---	---	---	2,477,561
Issue of share capital - acquisition of mining claims (Note 6)	2,050,000	1,161,000	---	---	---	---	1,161,000
Conversion of convertible debentures (Note 5)	905,961	543,577	---	---	(114,221)	---	429,356
Vesting of stock-based compensation	---	---	---	501,120	---	---	501,120
Issue of share capital – stock option exercise, cash	375,000	67,750	---	---	---	---	67,750
Stock option exercise, book value	---	36,470	---	(36,470)	---	---	---
Net loss for the period	---	---	---	---	---	(2,555,861)	(2,555,861)
Balance at June 30, 2021	24,742,175	5,971,004	531,071	776,500	---	(4,741,269)	2,537,306

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

GRAYCLIFF EXPLORATION LIMITED
Condensed Interim Statements of Cash Flows

(unaudited)

For the six months ended June 30, 2021 and June 30, 2020

Expressed in Canadian dollars

	2021	2020
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (2,555,861)	\$ (119,525)
Vesting of share issue costs	501,120	---
Common shares issued for mining claims	1,161,000	---
Deferred income tax recovery	(13,872)	---
Accrued interest on convertible debenture	6,462	---
Loan accretion on convertible debenture	12,507	---
Gain on conversion of debenture	(22,009)	---
Interest on advances receivable	---	(1,612)
Net change in non-cash working capital balances:		
Amounts receivable	(9,567)	(7,374)
Advances receivable	---	(50,000)
Prepaid expenses	(89,292)	2,114
Accounts payable and accrued liabilities	(25,164)	(26,217)
Net cash flows used in operating activities	(1,034,676)	(202,614)
FINANCING ACTIVITIES		
Issue of share capital – private placements, net of issuance costs	2,447,561	---
Stock option exercise	67,750	---
Net cash flows from financing activities	2,515,311	---
Net increase (decrease) in cash	1,480,635	(202,614)
Cash, beginning of the period	1,026,220	425,782
Cash, end of the period	\$ 2,506,855	\$ 223,168

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

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the six months ended June 30, 2021 and 2020

Expressed in Canadian dollars unless otherwise indicated

1. Nature of Operations and Going Concern

Graycliff Exploration Limited (formerly 1093683 B.C. Ltd.), a company incorporated under the laws of British Columbia, Canada (the “**Company**” or “**Graycliff**”) is engaged in the acquisition, exploration, development and extraction of natural resources, specifically precious metals.

Its head office is located at 2702-401 Bay Street Toronto, ON M5H 2Y4. The Company is listed on the Canadian Securities Exchange, trading under the symbol “GRAY” and effective December 16, 2020, it began trading on the OTCQB Venture Marketplace (“OTCQB”) under the symbol “GRYCF”

Mineral exploration projects, even when successful, require large amounts of exploration investment to prove mineable reserves, generally over long periods of time, prior to commencement of production. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing, the continued support of its existing shareholders, and the outlining and development of commercial deposits of metals at its project to generate positive cash flows from operations. While the Company has been successful in securing financing and identifying suitable properties to date, there is no assurance that the Company will continue to be successful in achieving these objectives.

As at June 30, 2021, the Company had a working capital balance of \$2,537,306 (December 31, 2020 - \$918,776) and an accumulated deficit of \$4,741,269 (December 31, 2020 - \$2,185,408). The Company’s ability to continue operations is dependent on management’s ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurances that it will be able to do so in the future. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

The ability of the Company to realize the costs it has incurred to date on its properties is dependent upon the Company being able to identify economically recoverable reserves, to finance their development costs and to resolve any environmental, regulatory or other constraints, which may hinder the successful development of the reserves. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

The accompanying annual financial statements have been prepared using International Financial Reporting Standards applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. It would, in this situation, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying Financial Statements. Such adjustments could be material.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. While COVID 19 has caused the Company to alter the way it conducts business, and has resulted in some travel being curtailed, it does not seem to have had any significant adverse effect on operations. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. 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 operating subsidiaries in future periods.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. It would, in this situation, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying Financial Statements. Such adjustments could be material.

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the six months ended June 30, 2021 and 2020

Expressed in Canadian dollars unless otherwise indicated

2. Basis of Presentation

Statement of compliance

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of August 22, 2021, the date the Board of Directors approved the financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2020, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending December 31, 2020 could result in restatement of these unaudited condensed interim financial statements.

Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss (“FVTPL”). In addition, these unaudited interim condensed financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These unaudited condensed interim financial statements are presented in Canadian Dollars, which is also the functional currency of the Company. All financial information is expressed in Canadian Dollars otherwise stated and has been rounded to the nearest dollar.

New Accounting Standards Issued But Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on Graycliff in the current or future reporting periods.

IFRSs effective as of January 1, 2021 Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments have had no impact on the condensed interim consolidated financial statements.

3. Amounts Receivable

On January 15, 2020, the Company advanced \$50,000 to Venex Capital (“Venex”), a Company controlled by one of Graycliff’s former directors, in the form of an unsecured demand loan bearing interest at 5% per annum. On February 13, 2020, the Company advanced a further \$25,000 to Venex in the form of an unsecured demand loan bearing interest at 5% per annum. On June 30, 2020, Venex repaid \$25,000 of the initial \$50,000 demand loan, resulting in a balance of \$50,000 plus accrued interest of \$1,612 included in Advances Receivable at June 30, 2020. On July 13, 2020, July 21, 2020 and July 29, 2020, Venex repaid a further \$7,500, \$22,500 and \$20,000, respectively, of the demand loan receivable leaving only accrued interest of \$1,774 outstanding as of December 31, 2020 and June 30, 2021.

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the six months ended June 30, 2021 and 2020

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4. Flow-through Share Premium Liability

The flow-through common shares issued in the financing completed on December 23, 2020 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$31,200.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the year ended December 31, 2020, the Company satisfied \$161,182 of its \$780,000 flow-through expenditure commitment by incurring eligible expenditures and as a result the flow-through premium was reduced to \$24,753. For the three and six months ended June 30, 2021, the Company satisfied an additional \$396,730 and 532,437, respectively, of its flow-through expenditure commitment, reducing the flow-through expenditure premium to \$10,881.

As at June 30, 2021, the Company was committed to spend \$86,381 in eligible flow-through expenditures by December 31, 2021.

5. Convertible Debenture

On September 24, 2020 Graycliff closed a \$530,000 non-brokered private placement offering of 5% unsecured convertible debentures (the "Debenture") at an issue price of \$1,000 per Debenture. The Debenture had a maturity of twenty-four months and bore interest at a rate of 5% per annum, payable at maturity in cash or common shares of the Company ("Common Shares") at a conversion price of \$0.60 per common share. Each holder had the option to convert prior to maturity at the same conversion price.

The fair value of the liability was recorded at \$415,031, discounted at an effective interest rate of 18%. The \$114,969 residual value of the Debenture is allocated to the conversion feature. The Company incurred transaction costs of \$3,450 which was allocated pro-rata on the value of the conversion feature and the liability component.

During the year ended December 31, 2020, the Company recorded accretion expense of \$13,026 and interest expense of \$7,042 as finance interest expense in profit and loss.

Principal amount	\$ 530,000
Equity allocation – conversion feature	(114,969)
Transaction costs	(3,450)
Transaction costs allocated to equity	747
Interest expense	7,042
Accretion expense	13,026
Balance, December 31, 2020	\$ 432,396

Interest expense	6,462
Accretion expense	12,507
Balance on conversion	\$ 451,365

On March 31, 2021 these debentures were converted to common shares in advance of their maturity date. As a result of the early conversion, the Company issued 905,961 common shares, including 22,628 common shares that were issued for the accrued interest on the Debentures. The Company recognized a gain on conversion of \$22,009 representing the difference between the principal amount of the debt and accrued interest thereon and the discounted book value of the debt.

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the six months ended June 30, 2021 and 2020

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6. Share Capital

Common Shares Authorized

Unlimited number of common shares with no par value

Common Shares Issued:

	Number of Shares	Amount
Balance, December 31, 2019	15,354,882	\$ 733,767
Acquisition of mining claims	975,000	828,750
Issued on private placements	1,560,000	780,000
Cash share issue costs	---	(65,600)
Finder's warrants	---	(39,238)
Flow-through share premium	---	(31,200)
Balance, December 31, 2020	17,889,882	\$ 2,206,479
Acquisition of mining claims	2,050,000	1,161,000
Issued on private placements	3,521,332	2,634,750
Cash share issue costs	---	(187,189)
Warrant allocation	---	(491,833)
Conversion of debentures	905,961	543,577
Exercise of stock options	375,000	104,220
Balance, June 30, 2021	24,742,175	\$ 5,971,004

On October 15, 2020, the Company acquired additional mining claims at the Company's Shakespeare Gold Project. Under the terms of the acquisition, Graycliff issued 975,000 common shares for the new claims, resulting in a cost of \$828,750, recorded as project acquisition costs in operations.

On December 23, 2020 the Company closed a non-brokered flow-through private placement totaling \$780,000 priced at \$0.50 per common share, resulting in the issuance of 1,560,000 flow-through common shares. In connection with this financing, the Company paid finder's fee commissions of \$61,200 cash and 113,600 broker warrants.

On January 20, 2021, Graycliff completed a non-brokered private placement offering of 400,000 units issued at a price of \$0.50 per unit for gross proceeds of \$200,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share for a period of 24 months following the closing at an exercise price of \$0.60 per common share. The Company paid finder's fee commissions of \$9,200 cash and 18,400 finder's warrants on the financing. Each finder's warrant has a strike price of \$0.50 per share and an expiry two years from the closing.

On March 30, 2021, the Company issued 250,000 common shares, to acquire key mining leases and claims which consolidate the ground surrounding the past producing Shakespeare Gold Mine located within Graycliff's Shakespeare Gold Project. These shares were valued at \$225,000.

On April 8, 2021 and April 21, 2021, a total of 375,000 options were exercised resulting in \$67,750 in proceeds for the Company.

On April 14, 2021, the Company completed of a non-brokered private placement offering of 1,246,333 non flow-through units (the "NFT Unit") at \$0.75 per NFT Unit and 1,875,000 flow through shares ("FT Share") at a price of \$0.80 per FT Share of the Company for gross proceeds of \$2,434,750. Each NFT Unit consists of one common share which is not a "flow-through" share and one-half purchase warrant ("NFT Warrant"). Each whole NFT Warrant will entitle the holder to purchase one additional common share which is not a "flow-through" share at a price of \$1.00 for two years from the closing. The Company paid finder's fee commissions of \$167,808 cash and issued 214,993 finder's warrants on the Financing. Each finder's warrant has an exercise price of \$0.75 per share and an expiry two years from the closing.

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the six months ended June 30, 2021 and 2020

Expressed in Canadian dollars unless otherwise indicated

6. Share Capital (Cont'd)

On May 12, 2021, the Company acquired additional mining claims adjacent to the Company's Shakespeare Gold Project. Under the terms of the acquisition, Graycliff issued 1,800,000 common shares, valued at \$936,000, for a 100% interest in the Baldwin Project, subject only to a 2% net smelter return royalty.

Warrants

In connection with the December 23, 2020 flow-through financing, the Company issued 113,600 broker warrants, with each warrant having an exercise price of \$0.50 per share and an expiry two years from the date of issuance. These warrants were issued on January 19, 2023 concurrent with the closing of the second tranche of the financing. The \$39,238 value of these warrants was calculated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.48; risk free rate of return - 0.22%; expected volatility - 154%; expected life - 2 years; expected dividend yield - 0%.

In connection with the January 19, 2021 financing, the Company issued 200,000 warrants with an exercise price of \$0.60 per common share and 18,400 broker warrants, with each broker warrant having an exercise price of \$0.50 per common share. All of these warrants have an expiry two years from the date of issuance. The \$41,932 value of these warrants was calculated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.47; risk free rate of return - 0.16%; expected volatility - 100%; expected life - 2 years; expected dividend yield - 0%.

In connection with the April 14, 2021 financing, the Company issued 623,166 warrants with an exercise price of \$1.00 per common share and 214,993 broker warrants, with each broker warrant having an exercise price of \$0.75 per common share. All of these warrants have an expiry two years from the date of issuance. The \$449,901 value of these warrants was calculated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.1.01; risk free rate of return - 0.24%; expected volatility - 100%; expected life - 2 years; expected dividend yield - 0%.

At June 30, 2021, there were 1,170,159 warrants outstanding, with each warrant entitling the holder to acquire one common share of the Company at the prices noted below:

Number	Value Assigned	Exercise Price	Remaining Contractual Life In Years	Expiry Date
132,000	\$ 43,617	\$0.50	1.56	January 19, 2023
200,000	37,553	\$0.60	1.56	January 19, 2023
623,166	321,421	\$1.00	1.79	April 14, 2023
214,993	128,480	\$0.70	1.79	April 14, 2023
1,170,159	\$ 531,071	\$0.56	1.72	

Stock Options

On April 8, 2021 and April 21, 2021, a total of 375,000 options were exercised. At June 30, 2021, the Company had outstanding share purchase options enabling holders to acquire common shares of the company as follows:

Grant Date	Options Outstanding	Options Vested	Weighted Average Remaining Life (Years)	Exercise Price (\$)	Expiry Date
December 4, 2019	475,000	475,000	3.43	0.15	December 4, 2024
September 3, 2020	300,000	300,000	4.18	0.56	September 3, 2025
October 13, 2020	200,000	200,000	4.29	0.85	October 13, 2025
April 23, 2021	900,000	900,000	4.82	0.75	April 23, 2026
	1,875,000	1,875,000	4.31	0.58	

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the six months ended June 30, 2021 and 2020

Expressed in Canadian dollars unless otherwise indicated

7. Share Capital (Cont'd)

The \$501,120 value of April 23, 2021 options was calculated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.75; risk free rate of return - 0.90%; expected volatility - 100%; expected life - 5 years; expected dividend yield - 0%.

8. Related Party Transactions

Related parties include the Board of Directors, close family members, other key management individuals and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the fair value and approved by the Board of Directors in strict adherence to conflict of interest law and regulations.

The Company incurred the following charges with directors and/or officers of the Company and/or companies controlled by them for the three and six month periods ended June 30, 2021 and 2020:

	Three Months Ended		Six Months Ended	
	June 30,	2020	June 30,	2020
	2021		2021	
	\$	\$	\$	\$
Consulting – President and CEO	18,000	7,500	33,000	15,000
Consulting – CFO	13,500	5,250	24,000	10,500
Consulting – Venex Capital (controlled by a former director)	---	---	---	10,250

As at June 30, 2021, included in accounts payable and accrued liabilities is \$NIL (December 31, 2020 - \$NIL) due to the Company's President and CEO, \$NIL (December 31, 2020 - \$NIL) due to the Company's CFO, and \$NIL (December 31, 2020 - \$4,070) due to a Company Director.

9. Mineral Property Interests

On August 23, 2019, the Company signed an option agreement to acquire the Shakespeare Property in Ontario. Pursuant to this agreement, the Company allotted 500,000 common shares to the individuals from whom this property was optioned. These shares were subscribed and paid for as part of the October 24, 2019 financing. The vendors hold a 2% net smelter return royalty ("NSR") on these claims. The Company can purchase 1% in return for \$2 million, thereby reducing the NSR to 1%.

The following are share and exploration expenditure commitments under the option agreement:

Share commitments:

- 500,000 shares within 24 months from the closing date of the option agreement (completed).

Exploration commitments:

- Incur exploration expenditures of \$100,000 within 12 months of the regulatory body approval of the transaction (completed).
- Incur additional exploration expenditures of \$200,000 within 24 months from the closing date of the option agreement; and an additional 500,000 shares.

On October 15, 2020, the Company announced the acquisition of 15 additional mining claims comprising approximately 330 hectares at the Company's Shakespeare Gold Project. Under the terms of the acquisition, Graycliff issued 975,000 common shares for the new claims.

On March 30, 2021, the Company announced that, in return for 250,000 common shares, it acquired key mining leases and claims which consolidate the ground surrounding the past producing Shakespeare Gold Mine located within Graycliff's Shakespeare Gold Project.

On May 12, 2021, the Company acquired additional mining claims adjacent to the Company's Shakespeare Gold Project. Under the terms of the acquisition, Graycliff acquired a 100% interest in the Baldwin Project, subject only to a 2% net smelter return royalty.

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the six months ended June 30, 2021 and 2020

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10. Loss Per Share

The calculation of basic loss per share for the three and six months ended June 30, 2021 and 2020 was based on total loss attributable to common shareholders of \$1,961,789 and \$2,517,932, respectively (2020 – loss of \$26,686, and \$119,525, respectively) and a weighted average number of common shares outstanding of 23,435,007 and 20,846,027, respectively (2020 – 15,354,882 and 15,354,882, respectively) .

Diluted loss per share equals basic loss per share as all outstanding options and warrants were anti-dilutive for all periods presented.