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**JNC RESOURCES INC.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the Six Months Ended June 30, 2021

(Unaudited – prepared by Management)

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements 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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.  
August 23, 2021

**JNC RESOURCES INC.****UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars – prepared by Management)

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 4,248	\$ 42,648
Amounts receivable	2,311	1,604
Prepaid expenses	5,746	79,893
Refundable deposit (Note 4 and 10)	75,000	75,000
	<b>87,305</b>	<b>199,145</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 4)	1,198,661	13,661
<b>TOTAL ASSETS</b>	<b>\$ 1,285,966</b>	<b>\$ 212,806</b>
<b>LIABILITIES and EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 14,456	\$ 18,878
<b>TOTAL LIABILITIES</b>	<b>14,456</b>	<b>18,878</b>
<b>EQUITY</b>		
Share capital (Note 5)	1,888,556	680,490
Share-based payments reserve	12,424	12,590
Deficit	(629,470)	(499,152)
<b>TOTAL EQUITY</b>	<b>1,271,510</b>	<b>193,928</b>
<b>TOTAL LIABILITIES and EQUITY</b>	<b>\$ 1,285,966</b>	<b>\$ 212,806</b>

**Nature and continuance of operations** (Note 1)**Commitments** (Note 9)**Subsequent events** (Note 10)

Approved by the Board on August 23, 2021 and signed on behalf of the Board:

<u>“Michael Mulberry”</u>	Director	<u>“Yana Bobrovskaya”</u>	Director
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The accompanying notes are an integral part of these financial statements.

**JNC RESOURCES INC.****UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars – prepared by Management)

	Number of Shares*	Share Capital	Share-based Payments Reserve	Deficit	Total Equity
<b>Balance, December 31, 2019</b>	48,450,000	\$ 358,750	\$ -	\$ (222,956)	\$ 135,794
Initial public offering, net	9,099,000	236,830	-	-	236,830
Fair-value of agent's warrants issued	-	(12,590)	12,590	-	-
Net loss for the period	-	-	-	(93,873)	(93,873)
<b>Balance, June 30, 2020</b>	57,549,000	\$ 582,990	\$ 12,590	\$ (316,829)	\$ 278,751
Warrants exercised	2,925,000	97,500	-	-	97,500
Net loss for the period	-	-	-	(182,323)	(182,323)
<b>Balance, December 31, 2020</b>	60,474,000	680,490	12,590	(499,152)	193,928
Warrants exercised	2,925,000	97,500	-	-	97,500
Agents' warrants exercised	12,000	566	(166)	-	400
Shares issued pursuant to property acquisition agreement	6,000,000	1,110,000	-	-	1,110,000
Net loss for the period	-	-	-	(130,318)	(130,318)
<b>Balance, June 30, 2021</b>	69,411,000	\$ 1,888,556	\$ 12,424	\$ (629,470)	\$ 1,271,510

\* All periods are adjusted for 3:1 share split completed in January 2021. See Note 5

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

**JNC RESOURCES INC.****UNAUDITED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars – prepared by Management)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>EXPENSES</b>				
Administration expenses (Note 6)	\$ 2,263	\$ 2,156	\$ 5,159	\$ 5,111
Exploration expenditures (Notes 4 and 6)	-	1,400	-	1,400
Management fees (Note 6)	17,500	12,000	32,500	24,000
Marketing and shareholder communication	749	4,140	1,996	6,640
Professional fees	21,984	29,274	73,589	38,332
Transfer agent and filing fees	8,310	17,872	13,207	18,152
Travel and business development	-	238	-	238
	(50,806)	(67,080)	(126,451)	(93,873)
<b>OTHER ITEMS</b>				
Foreign exchange loss	(3,554)	-	(3,867)	-
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ (54,360)</b>	<b>\$ (67,080)</b>	<b>\$ (130,318)</b>	<b>\$ (93,873)</b>
<b>Basic and Diluted Loss Per Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted Average Number Of Common Shares Outstanding, Basic and Diluted</b>	<b>67,140,396</b>	<b>56,249,142</b>	<b>64,339,193</b>	<b>52,349,571</b>

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

**JNC RESOURCES INC.****UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars – prepared by Management)

	<b>For the Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (130,318)	\$ (93,873)
<b>Changes in non-cash working capital items:</b>		
Increase in amounts receivable	(707)	(4,454)
Decrease in prepaid expenses and deposits	(853)	3
Decrease in accounts payable and accrued liabilities	(4,422)	(49,564)
Cash used in operating activities	(136,300)	(147,888)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	-	(13,661)
Cash used by investing activities	-	(13,661)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of shares, net	97,900	246,830
Cash provided by financing activities	97,900	246,830
<b>Increase (decrease) in cash during the period</b>	<b>(38,400)</b>	<b>85,281</b>
<b>Cash, beginning of the period</b>	<b>42,648</b>	<b>131,779</b>
<b>Cash, end of the period</b>	<b>\$ 4,248</b>	<b>\$ 217,060</b>

**SUPPLEMENTARY CASHFLOW INFORMATION**

	<b>For the Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Non-cash investing and financing activities</b>		
Shares issued for exploration and evaluation assets	\$ 1,110,000	\$ -

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

**JNC RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – prepared by Management)

For the Six Months Ended June 30, 2021

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

On April 1, 2019, JNC Resources Inc. ("JNC" or the "Company") was incorporated under the laws of the province of British Columbia. The Company's principal business activity is the exploration for mineral resources in British Columbia, Canada. On April 13, 2020, the Company completed its initial public offering ("IPO") and on April 14, 2020, the shares of the Company commenced trading on the Canadian Securities Exchange ("CSE") under the symbol JNC. In January 2021, the Company split its share capital on a 3 to 1 basis. All share and per share amounts have been restated to reflect the share split.

The Company's head office address is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The registered and records office address is 2110 28<sup>th</sup> Street, West Vancouver, BC, V7V 4M3.

The financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the Company.

Going concern of operations

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of June 30, 2021, the Company has not generated any revenues and has incurred losses of \$629,470 (December 31, 2020 - \$499,152) since inception. The Company's continued existence and plans for future growth depend on its ability to obtain additional capital.

Since March 2020, there has been a global outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the regional economies in which the Company operates and could continue to result in negative impacts on the stock market, including trading prices of the Company's shares, and the ability to raise capital and could impact the Company's operations.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

These condensed interim financial statements of the Company for the six months ended June 30, 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”). Accordingly, these condensed interim financial statements follow the same accounting principles and methods of application as the annual financial statements for the year ended December 31, 2020 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the audited financial statements for the year ended December 31, 2020. Results for the period ended June 30, 2021, are not necessarily indicative of future results.

### **Use of judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Significant areas requiring the use of management estimates include impairment of exploration and evaluation assets; provision of reclamation and environmental obligations, if any; and inputs used in accounting for share-based payments in profit or loss.

The Board of Directors has considered the Company’s current activities, funding position and projected funding requirements for the period of at least twelve months from the date these financial statements, in determining the ability of the Corporation to adopt the going concern basis in preparing the financial statements for the six months ended June 30, 2021. The assessment of the Company’s ability to execute its strategy to meet its future funding requirements involves judgment.



### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash and cash equivalents**

Cash includes deposits held at call with financial institutions. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

#### **Exploration and evaluation assets (“E&E”)**

The Company’s mineral interests comprise mineral property surface rights, mining titles, exploration licenses, exploitation permits and concession contracts. All direct costs related to the acquisition of mineral interests are capitalized and classified as intangible assets. All other E&E costs incurred prior to a decision to proceed with development are charged to profit and loss as incurred. Once the technical feasibility and commercial viability of extracting the mineral resources from a property has been determined, the property is considered to be a mine under development and is classified as “mine under construction”. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. Development costs subsequently incurred to develop a mine prior to the start of mining operations are capitalized and carried at cost.

Subsequent to entering production, acquisition costs and development costs and development expenditures are tested for impairment and then transferred to mineral interests within property and equipment. Mineral interests are classified as tangible assets and depleted on a unit-of-production basis using estimated proven and probable reserves of the mineral interests.

The Company assesses mineral interests for impairment when indicators of impairment are present and at least annually. When a project is deemed to no longer have commercially viable prospects to the Company, mineral interests, in excess of estimated recoveries, are written off and recognized in profit and loss.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration costs. Exploration and evaluation acquisition costs that are capitalized are included as part of cash flows from investing activities whereas exploration and evaluation expenditures that are expensed are included as part of cash flows from operating activities.

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction to exploration expenditures in the period that the related expenditures are incurred. The accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the tax filing.

#### **Decommissioning liabilities**

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through amortization of the asset and unwinding of the discount on the provision.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Decommissioning liabilities (cont'd...)**

Amortization is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset and charged against operating profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

**Share-based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based payments reserve is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments to non-employees are measured at the fair value of goods or services received.

**Warrants**

The Company accounts for warrants including warrants issued to brokers in connection with the issuance of shares ("broker warrants") using the fair value method. Under this method, the fair value of broker warrants is first determined based on the value of goods or services received. In situations where some or all of the goods or services received by the Company as consideration cannot be specifically identified, the fair value of broker warrants is then determined using the Black-Scholes valuation model.

The Company has adopted a residual method with respect to the measurement of shares and warrants issued as private placement units. The residual method first allocates value to the more easily measurable component based on fair value with common shares being valued first based on the trading price and then the residual value, if any, to the less easily measurable component.

Upon exercise of the warrants, consideration paid together with the amount previously recognized in reserves surplus is recorded as an increase to capital stock. Upon forfeiture or expiry of the warrants, the amount previously recognized in the reserves is transferred to deficit.

### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

#### **Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### **Financial instruments**

The following is the Company's accounting policy for financial instruments under IFRS 9:

##### **(i) Classification**

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

(ii) Measurement

Cash and accounts payable and accrued liabilities are classified as at amortized cost.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income.

**Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**Future IFRS Standards and Interpretations Issued But Not Yet Effective**

Management has reviewed and determined that the new accounting standards and interpretations mandatory after the December 31, 2020 reporting period are not relevant to the Company.

**JNC RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – prepared by Management)

For the Six Months Ended June 30, 2021

**4. EXPLORATION AND EVALUATION ASSETS**

<b>Exploration and Evaluation Assets</b>	<b>Triple 9</b>	<b>Imperial</b>	<b>Solomons</b>	<b>Malebo</b>	<b>Total</b>
Balance, at December 31, 2019	\$ 38,750	\$ -	\$ -	\$ -	\$ 38,750
Additions	-	13,661	-	-	13,661
Impairment	(38,750)	-	-	-	(38,750)
Balance, at December 31, 2020	-	13,661	-	-	13,661
Additions	-	-	592,500	592,500	1,185,000
Balance, at June 30, 2021	\$ -	\$ 13,661	\$ 592,500	\$ 592,500	\$ 1,198,661

**a. Solomons and Malebo, New South Wales, Australia**

In April 2021, the Company closed, in escrow, the Share Exchange Agreement in which JNC has effectively acquired a 100% interest in Southern Precious Metals Limited (“SPML”), and its subsidiary which hold 100% interests in the Malebo and Solomons Properties in New South Wales (NSW) Australia. The Company paid a \$75,000 refundable deposit in December 2020. In April 2021, JNC issued six million (6,000,000) common shares (the “Purchase Shares”) to the shareholders (“Shareholders”) of SPML in exchange for all of the issued and outstanding shares of SPML. The SPML Shareholders have entered into undertakings wherein the Purchase Shares, which are otherwise free-trading, will be released as to 25% on closing (the “Closing”), 25% on October 23, 2021, an additional 25% on April 23, 2022 and the balance on October 23, 2022. The Purchase Shares were held in escrow pending New South Wales ministerial approval of the change in control of SPML which was obtained in August 2021 resulting in the definitive Closing of the acquisition on August 18, 2021.

**b. Triple 9 Property, British Columbia**

On April 22, 2019, the Company entered into an Option Agreement (the “Triple 9 Agreement”) with Guy Delorme and Christopher Delorme (“the Optionors”) pursuant to which the Company has the sole and exclusive option to acquire 100% of the rights and interests in the Triple 9 Copper/Gold Project in British Columbia subject to a 2% net smelter return (“NSR”).

The Company’s option to acquire the rights and interests in the Triple 9 Project was exercisable by issuing a total of 2,050,000 common shares and making aggregate cash payments of \$1,035,000.

As management was unable to negotiate an extension of the share and cash payments due on April 13, 2021, management decided to abandon the project; accordingly, the capitalized costs were written off in 2020.

**JNC RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – prepared by Management)

For the Six Months Ended June 30, 2021

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**4. EXPLORATION AND EVALUATION ASSETS (cont'd...)****c. Imperial Property, Nevada**

On June 15, 2020, the Company signed an option agreement (the "Imperial Agreement") with Great Basin Resources ("Great Basin") pursuant to which the Company has the sole and exclusive option to acquire 100% of the rights and interests in the Imperial Gold Project in Nevada subject to a 3% net smelter return ("NSR").

The Company's option to acquire the rights and interests in the Imperial Project is exercisable by making aggregate cash payments of US \$270,000 over seven years and by incurring minimum exploration expenditures totaling US \$4,300,000 over seven years.

The cash payments and minimum exploration expenditures (the "expenditures") schedule is as follows:

- i. US \$10,000 within five days of signing the Imperial Agreement (paid);
- ii. US \$20,000 and US \$50,000 expenditures on or before June 15, 2021;
- iii. US \$20,000 and US \$150,000 expenditures on or before June 15, 2022;
- iv. US \$30,000 and US \$250,000 expenditures on or before June 15, 2023;
- v. US \$40,000 and US \$350,000 expenditures on or before June 15, 2024;
- vi. US \$50,000 and US \$500,000 expenditures on or before June 15, 2025;
- vii. US \$50,000 and US \$1,000,000 expenditures on or before June 15, 2026;
- viii. US \$50,000 and US \$2,000,000 expenditures on or before June 15, 2027.

Any accumulated excess expenditures in a given year shall be credited to the subsequent year and so on, and the Company may accelerate such expenditures at its discretion. The Company did not meet the cash payments and minimum exploration expenditures due by June 15, 2021. The Company is currently attempting to negotiate an extension.

**5. CAPITAL STOCK AND RESERVES****a) Authorized share capital**

As at June 30, 2021, the authorized share capital of the Company is an unlimited number of common shares without par value. In January 2021, the Company split its share capital on a 3 to 1 basis. All share and per share amounts have been restated to reflect the share split.

**b) Issued share capital**During the six months ended June 30, 2021:

- i. 2,925,000 share purchase warrants were exercised at \$0.033 for gross proceeds of \$97,500;
- ii. 12,000 Agents' warrants were exercised at \$0.033 for gross proceeds of \$400;
- iii. 6,000,000 shares were issued to SPML at a fair value of \$0.185 per share for a total of \$1,100,000. (See Note 4 (a)). The SPML Shareholders have entered into voluntary lockup undertakings wherein the shares, which are otherwise free-trading, have been released as to 25% of such shares on closing on August 18, 2021, 25% on October 23, 2021, an additional 25% on April 23, 2022 and the balance on October 23, 2022.;

**5. CAPITAL STOCK AND RESERVES (cont'd...)**

b) Issued share capital (cont'd...)

During the year ended December 31, 2020:

- iv. On April 13, 2020, the Company completed its IPO, by issuing 9,099,000 common shares of the Company \$0.033 per share for gross proceeds of \$303,300. Pursuant to an agency agreement (the "Agency Agreement") dated January 13, 2020, Mackie Research Capital Corporation (the "Agent") acted as agent for the Company in connection with the IPO and received a work fee, and a \$30,300 cash commission equal to 10% of the gross proceeds. The Company also granted the Agent and members of its selling group non-transferrable warrants to purchase up to an aggregate of 909,900 common shares of the Company at a price of \$0.033 per share until April 13, 2022. The fair value of the Agents' warrants was calculated to be \$12,590 using the Black-Scholes method which was charged to share issue costs. The Company also agreed to pay the Agent a non-refundable \$15,000 work fee and pay up to \$15,000 of the Agent's due diligence cost related to the offering including its legal costs; and
- v. 2,925,000 share purchase warrants were exercised at \$0.033 for gross proceeds of \$97,500.

c) Warrants

Warrant transactions are summarized as follows:

	Number	Exercise Price	Weighted Average Remaining Life in Years
Balance, December 31, 2019	39,000,000	\$ 0.03	4.55
Exercised	(2,925,000)	0.033	-
Balance, December 31, 2020	36,075,000	0.033	3.55
Exercised	(2,925,000)	0.033	-
Balance, at June 30, 2021	33,150,000	\$ 0.033	3.04

Share purchase warrants outstanding at June 30, 2021 are:

Number	Exercise Price	Expiry Date
33,150,000	\$0.033	July 17, 2024

d) Agents' Warrants

Agents' warrant transactions are summarized as follows:

	Number	Exercise Price	Weighted Average Remaining Life in Years
Balance, at December 31, 2019	-	\$ -	-
Issued	909,900	0.033	2.00
Balance, at December 31, 2020	909,900	\$ 0.033	1.28
Exercised	(12,000)	0.033	-
Balance, at March 31, 2021	897,900	\$ 0.033	1.04

**JNC RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – prepared by Management)

For the Six Months Ended June 30, 2021

**5. CAPITAL STOCK AND RESERVES (cont'd...)****d) Agents' Warrants**

Using the Black-Scholes method and variables below, the fair-value of the 909,900 Agents' warrants was calculated to be \$12,590 which was debited to share issue costs and credited to share-based payments reserve.

Risk-free interest rate	0.38%
Expected life of agent's options	2 years
Annualized volatility	75.00%
Dividend rate	0.00%

As there was no historical trading data on which to base a calculation, the volatility was estimated using a similar type of company that trades on the CSE. Upon the exercise of 12,000 Agents' warrants in January 2021, the fair value of \$166 was transferred from share-based payments reserve to share capital.

**e) Shares held in escrow**

Prior to April 9, 2020, the date the Company's shares were listed on the Exchange (the "Listing Date"), 9,000,000 shares were held in escrow. 10% of these escrowed shares were released on the listing date with the balance to be released from escrow in equal blocks of 15% of at six-month intervals over the 36 months following the Listing Date. At June 30, 2021, 5,400,000 common shares remain held in escrow.

**6. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, close family members and enterprises which 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 exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions involving officers and directors for the six months ended June 30, 2021:

- i. Administration expenses of \$5,500 and management fees of \$8,500 (2020 - \$3,000 and \$6,000) were paid or accrued for accounting services to an officer of the Company;
- ii. Management fees of \$23,000 (2020 - \$18,000) were paid or accrued to a company controlled by an officer of the Company; and
- iii. Professional fees of \$Nil (2020 - \$1,600) and exploration expenses of \$Nil (2020 - \$1,400) were paid or accrued to a director of the Company.

Included in accounts payable and accrued liabilities at June 30, 2021 is \$Nil (December 31, 2020 - \$Nil) owed to related parties.



## **7. FINANCIAL INSTRUMENTS**

### **Fair value**

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

### **Financial risk factors**

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

#### *Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company plans to limit its exposure to credit loss by placing its cash with major financial institutions.

#### *Liquidity risk*

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year.

#### *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash that is denominated in United States Dollars. Management believes the risk is not currently significant as the Company's cash denominated in United States Dollars as at June 30, 2021 and December 31, 2020, was not material.

## **8. CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company is not subject to external capital restrictions. There were no changes in the Company's approach to capital management.

## **9. COMMITMENTS**

- i. On April 1, 2019 the Company entered into an executive consulting agreement (the "executive agreement") with a private company controlled by the CEO ("priveco") of the Company which will pay the priveco \$4,000 per month. The term of the executive agreement is indeterminate. The executive agreement may be terminated by the Company, for Cause without notice; after March 31, 2020, on six (6) months prior notice to the priveco, or payment in lieu thereof at the mutual agreement of the parties; and by the Company for the reason of the death or disability of the CEO without prior notice and without further obligation to the priveco. Effective January 1, 2020, an amendment to the executive agreement was signed which reduced the monthly rate to \$3,000. All other terms of the executive agreement remain the same. Effective February 1, 2021, an amendment to the executive agreement was signed which increased the monthly rate to \$4,000. All other terms of the executive agreement remain the same.

**JNC RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – prepared by Management)

For the Six Months Ended June 30, 2021

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**9. COMMITMENTS (cont'd...)**

- ii. In April 2019, the Company entered into an administrative services agreement (the “admin agreement”) with an arm’s length private company (“adminco”), which will pay the adminco \$2,500 per month to provide Chief Financial Officer and administration services for an initial one (1) year term. The admin agreement will renew annually unless the Company gives one (1) months’ notice to adminco to terminate the admin agreement. Effective January 1, 2020, an amendment to the admin agreement was signed which reduced the monthly rate to \$1,500. All other terms of the admin agreement remain the same. Effective February 1, 2021, an amendment to the admin agreement was signed which increased the monthly rate to \$2,500. All other terms of the admin agreement remained the same. This agreement was terminated on May 31, 2021.

**10. SUBSEQUENT EVENTS**

Subsequent to June 30, 2021:

- i. The Company signed a definitive Share Exchange Agreement (“SEA”) with RooGold Inc. (“RooGold”). RooGold owns nine (9) large resource exploration land packages in the State of New South Wales. The SEA provides that JNC will carry out a two-for-one consolidation (“Consolidation”) of its issued and outstanding shares immediately prior to closing of the transaction, to issue twenty million (20,000,000) post-Consolidation common shares (“Shares”) to RooGold on closing (“Closing”) (which will be distributed to its 20+ shareholders) with seventy-five percent (75%) of the Shares subject to “lock-up” provisions wherein 5,000,000 Shares will be released to RooGold every six (6) months from Closing. In addition to the initial \$75,000 paid to RooGold upon execution of the letter of intent signed in May 2021, an additional \$75,000 will be paid to RooGold at the latter of the closing of the acquisition or the closing of the Financing.
- ii. The Company signed a definitive Asset Purchase Agreement (“APA”) with Aussie Precious Metals Corporation (“APMC”) resulting in the acquisition of APMC’s Trilby and Lorne properties (“Properties”) in New South Wales, Australia. The APA provides that JNC will issue four million (4,000,000) post-Consolidation common shares (“Shares”) to APMC on closing (“Closing”) with seventy-five percent (75%) of the Shares subject to “lock-up” provisions. Additionally, a cash consideration in the amount of \$25,000 will be paid by the Company to APMC at the latter of the closing of the acquisition or the closing of the \$5 million private placement financing that is underway; and
- iii. The Company commenced a non-brokered private placement of up to \$5 million at \$0.125 per unit (the “Financing”), each unit consisting of a pre-Consolidation share and a half share purchase warrant, with each whole warrant exercisable at \$0.20 per pre-Consolidation share for 2 years from closing of the financing subject to an accelerator clause allowing the Company to shorten the exercise window if the Company’s share price trades above \$0.25 for 30 consecutive trading days (adjusted for the prospective Consolidation). Subscription agreements have been received for a substantial portion of the Financing and JNC fully expects to close the Financing in September 2021.