

**MOSAIC MINERALS CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2021 and JUNE 30, 2020  
(In Canadian Dollars)**

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**NOTICE TO READERS OF INTERIM FINANCIAL STATEMENTS:**

The unaudited interim Financial Statements of Mosaic Minerals Corp. for the six-month period ended June 30, 2021, were not reviewed by a firm of external auditors.

**MOSAIC MINERALS CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(In Canadian Dollars)

	June 30, 2021 (Unaudited) \$	December 31, 2020 (Audited) \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	73,988	69,262
Sales taxes receivable	28,837	14,523
Prepaid expense	-	99,547
<b>Total Current Assets</b>	<u>102,885</u>	<u>183,332</u>
<b>Non-current</b>		
Exploration and evaluation assets (Note 4)	<u>1,351,864</u>	<u>360,000</u>
<b>Total Assets</b>	<u><u>1,454,689</u></u>	<u><u>543,332</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	14,308	49,537
Due to related party (Note 5)	1,228	1,228
Flow through share premium liability (Note 10)	53,209	70,800
Flow through provision (Note 10)	6,955	6,955
Part XII.6 tax payable	<u>1,070</u>	<u>1,070</u>
<b>Total Liabilities</b>	76,770	129,590
<b>Shareholders' Equity</b>		
Share Capital (Note 6)	2,172,158	925,210
Contributed surplus	174,013	-
Deficit	<u>(968,253)</u>	<u>(511,468)</u>
<b>Total Shareholders' Equity</b>	<u>1,377,918</u>	<u>413,742</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>1,454,689</u></u>	<u><u>543,332</u></u>

Nature of operations and going concern – Note 1  
Contingencies and commitments – Note 10

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on August 30, 2021. They are signed on the Company's behalf by:

<u>"Guy Morissette"</u>	<u>"Luc Gervais"</u>
Director	Director

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

**MOSAIC MINERALS CORP.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited, in Canadian Dollars)

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Expenses</b>				
Filing fees	4,684	-	4,684	-
Exploration and evaluation expenditures	80,513	-	92,555	-
Share-based payments	174,013	-	174,013	-
Professional fees	88,578	24,202	116,475	24,202
Investor relations	676	-	676	-
Office and administration	22,894	4,435	85,974	6,771
Loss from operations for the period	(371,351)	(28,637)	(474,376)	(30,973)
Recovery of professional fees	-	-	-	21,000
Deferred income tax recovery	17,591	-	17,591	-
<b>Net comprehensive loss for the period</b>	<b>(353,766)</b>	<b>(28,637)</b>	<b>(456,785)</b>	<b>(9,973)</b>
Basic and diluted loss per share	(0.01)	(0.00)	(0.02)	(0.00)
Weighted average number of shares outstanding	29,161,278	7,724,013	28,041,833	7,724,013

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

**MOSAIC MINERALS CORP.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the six-months periods ended June 30, 2021 and 2020  
(Unaudited, in Canadian Dollars)

	NUMBERS	SHARE CAPITAL	CONTRIBUTED SURPLUS	DEFICIT	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance, December 31, 2020</b>	<b>23,708,500</b>	<b>925,210</b>	<b>-</b>	<b>(511,468)</b>	<b>413,742</b>
Issuance of units by private placement	3,575,000	286,000	-	-	286,000
Shares issued for property acquisitions	8,300,000	980,000	-	-	980,000
Share-based payments	-	-	174,013	-	174,013
Share issued costs	-	(19,052)	-	-	(19,052)
Net loss for the period	-	-	-	(456,785)	(456,785)
<b>Balance, June 30, 2021</b>	<b>35,583,500</b>	<b>2,172,158</b>	<b>174,013</b>	<b>968,253</b>	<b>1,377,918</b>
 <b>Balance, December 31, 2019</b>	 <b>23,708,500</b>	 <b>925,210</b>	 <b>-</b>	 <b>(378,315)</b>	 <b>(31,271)</b>
Net loss for the period	-	-	-	(9,973)	(9,973)
<b>Balance, June 30, 2020</b>	<b>23,708,500</b>	<b>925,210</b>	<b>-</b>	<b>(388,288)</b>	<b>536,922</b>

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

**MOSAIC MINERALS CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**For the six-months periods ended June 30, 2021 and 2020**  
(Unaudited, in Canadian Dollars)

	<b>For the six-months periods ended</b>	
	<b>June 30, 2021</b>	<b>June 30, 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Activities</b>		
Net loss for the period	(456,785)	(9,973)
<b>Items not involving cash</b>		
Flow through premium recovery	(17,591)	-
Share-based payments	174,013	-
Professional fees	99,547	-
<b>Changes in operating assets and liabilities</b>		
Sales taxes receivable	(14,314)	164
Due to related party	-	524
Trade and other payables	(35,228)	3,916
<b>Cash flows used in operating activities</b>	<b>(250,358)</b>	<b>(5,369)</b>
<b>Investing activities</b>		
Exploration and evaluation assets	(11,864)	-
<b>Cash used in investing activities</b>	<b>(11,864)</b>	<b>-</b>
<b>Financing activities</b>		
Shares issued for cash	286,000	-
Shares issuance cost	(19,052)	-
<b>Cash used in financing activities</b>	<b>266,948</b>	<b>-</b>
Net change in cash	(112,378)	(5,369)
Cash, beginning of the period	69,262	360,419
Cash, end of the period	73,988	355,050

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

**MOSAIC MINERALS CORP.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTHS PERIODS ENDED JUNE 30, 2021 AND 2020**  
**(Unaudited, in Canadian Dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Mosaic Minerals Corp. (hereinafter the "Company") was incorporated June 21, 2018 to specialize in exploration of gold mining sites located in Quebec, Canada. The Company is preparing to list its common shares on the CSE venture exchange. The Company was incorporated under the British Columbia *Business Corporations Act* in June 2018 with a registered office and principal place of business at 410 St-Nicolas, suite 236, Montreal, Quebec, H2Y 2P5.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of the amounts expensed for exploration and resource property evaluation assets are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the evaluation and development of commercially viable reserves, and upon future profitable production or proceeds from the disposition of exploration and evaluation assets.

The Company incurred a net loss of \$ 456,785 for the six months ended June 30, 2021 and had a deficit of \$ 968,253 to June 30, 2021. At June 30, 2021 the Company had a working capital of \$ 26,055. The Company has no sources of income and relies upon the issuance of shares for financing. These factors may cast significant doubt about the ability of the Company to continue as a going concern.

**Plan of Arrangement Spin-Out Share Distribution**

On November 7, 2018, Stellar AfricaGold Inc. ("Stellar") signed an arrangement agreement with Mosaic pursuant to which Stellar would distribute 2,000,000 shares of Mosaic Minerals Corp. to Stellar shareholders. The arrangement was completed on February 12, 2020.

**2. BASIS OF PRESENTATION**

**a) Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the Company's financial statements as of and for the six-months periods ended June 30, 2021 and 2020. They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions deemed significant to provide an understanding of the changes in the Company's financial position and performance since its most recent annual financial statements.

**b) Basis of Measurement**

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**c) Functional and presentation currency**

The financial statements are presented in Canadian dollars.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Company applied the same accounting policies in these condensed interim financial statements as those applied in the Company's annual audited financial statements as at and for the year ended December 31, 2020.

In preparing these condensed interim financial statements, the significant judgements we made in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2020.



**MOSAIC MINERALS CORP.**  
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**FOR THE SIX-MONTHS PERIODS ENDED JUNE 30, 2021 AND 2020**  
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**4. EXPLORATION AND EVALUATION EXPENDITURES**

	Balance as at January 1, 2021	Acquisitions	Balance as at June, 2021
	\$	\$	\$
Quebec			
Property – Opawica (a)			
Mining rights	360,000	-	360,000
Quebec			
Property – Canalask (b)			
Mining rights	-	1,864	1,864
Quebec			
Property – Crisafy (c)			
Mining rights	-	40,000	40,000
Quebec			
Property – Gaboury (d)			
Mining rights	-	255,000	255,000
Quebec			
Property – Lichen (e)			
Mining rights	-	345,000	345,000
Quebec			
Property – 113 North (e)			
Mining rights	-	350,000	350,000
Summary			
Mining rights	360,000	991,864	1,351,864

  

	Balance as at January 1, 2020	Acquisitions	Mining credits	Balance as at December 31, 2020
	\$	\$	\$	\$
Quebec				
Property – Opawica (a)				
Mining rights	360,000	-	-	360,000
Summary				
Mining rights	360,000	-	-	360,000

(a) Opawica, (Quebec)

The Opawica property consists of 2 claim blocks totalling 17 claims covering 952 hectares. It is divided into two discrete claim blocks which are: the Philbert 1 block of 4 claims totalling 223.9 hectares and the Opawica North block of 13 claims totalling 728.1 hectares. The property is located in the Gamache and Rohault townships at 55 kilometers south of Chibougamau city and 10 kilometers south-west of the Joe Mann mine.

(b) Canalask, (Quebec)

The Canalask property is composed of 16 mining claims covering 770 hectares to the North West shore of Lake Dunphy located 150 km NNW of Shefferville

(c) Crisafy, (Quebec)

The Crisafy Property is composed of 27 mining claims covering 1,515 hectares located in Crisafy Township in Northern Quebec in the Chibougamau area in Quebec.

(d) Gaboury, (Quebec)

The Gaboury property is composed of 82 mining claim cells totalling 4,282 hectares located approximately 150 km SW of the Rouyn Noranda mining camp.

(e) Lichen, (Quebec)

The Lichen property is composed of 178 mining claims totaling approximately 9,968 hectares located in the Chapais-Chibougamau area in northern Quebec.

(f) 113 North, (Quebec)

The 113North property is located in the southeastern part of the Abitibi greenstone belt and is composed of 59 claims totalling 3010 ha located North of the Val d'or mining district in Abitibi Quebec.

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**5. LOAN PAYABLE**

A former director of the Company has paid creditors of the Company \$ 1,228 in expenses on behalf of the Company (\$ 1,228 at December 31, 2020). This loan is unsecured, has no terms of repayment and does not bear interest.

**6. SHARE CAPITAL**

**6.1 Authorized**

Unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meetings of the Company.

**6.2 Issued**

**On February 22, 2021**, the Company completed the acquisition of the Crisafy property with a \$ 5,000 payment and the issuance of 300,000 common shares and two additional payments, \$ 5,000 at three-months from closing (done) and \$ 5,000 at 12 months from closing.

**On February 23, 2021**, the Company completed a private placement of 3,575,000 units at a price of \$ 0.08 per unit for total proceeds of \$ 286,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of \$ 0.10 at any time before February 23, 2023.

**On May 14, 2021**, the Company optioned up to an 80% interest in the Gaboury gold property. To earn the first 60% the Company must issue 3,000,000 shares and complete \$ 150,000 of exploration expenditures within twelve months and complete a further \$ 850,000 within thirty six months. To earn the additional 20% interest Mosaic must incur \$ 500,000 of exploration expenditures per year for the next five years until June 30, 2019 and complete a N143-101 resource estimate including indicated resources. The 3,000,000 shares were issued May 14, 2021.

**On May 24, 2021**, the Company optioned a 100% interest in the Lichen Base Metals property. To earn the interest the Company must issue 3,000,000 shares and complete \$ 100,000 of exploration expenditures by May 31, 2022 and a further \$ 350,000 of exploration expenditures by May 31, 2014. The 3,000,000 shares were issued May 25, 2021.

**On June 14, 2021**, the Company optioned a 50% interest in the 113 North property by issuing 2,000,000 common shares and incurring \$ 500,000 of exploration expenses over four years.

**6.3 Warrants**

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	June 30, 2020		December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning of the period	2,802,000	0,10	2,802,000	0,10
Granted	3,575,000	0,10	-	-
Balance, end of the period	6,377,000	0,10	2,802,000	0,10

  

	June 30, 2020		December 31, 2020	
Expiration date	Number	Exercise price	Number	Exercise price
		\$		\$
November 28, 2021	2,802,000	0,10	2,802,000	0,10
February 23, 2023	3,575,000	0,10	-	-
	6,377,000		2,802,000	

**6.4 Broker's warrants**

Outstanding broker's warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	June 30, 2021		December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning of the period	-	-	-	-
Granted	321,000	0,15	-	-
Balance, end of period	321,000	0,15	-	-

  

	June 30, 2021		December 31, 2020	
Expiration date	Number	Exercise price	Number	Exercise price
		\$		\$
February 23, 2023	321,000	0,15	-	-
	321,000		-	

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**6. SHARE CAPITAL (continued)**

**i. Stock Options**

	<b>June 30, 2021</b>		<b>December 31, 2020</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
Balance, beginning of period	-	\$ -	-	\$ -
Granted	1,750,000	0,11	-	-
Balance, end of period	1,750,000	0,11	-	-

On April 24, 2021, the Company granted 1,000,000 options to directors and consultants to subscribe for one common share of the Company at a price of \$ 0.10 per common share, for a period of 5 years from the date of grant. These stock options vest immediately.

On June 16, 2021, the Company granted 750,000 options to directors and a consultant to subscribe for one common share of the Company at a price of \$ 0.115 per common share, for a period of 5 years from the date of grant. These stock options vest immediately.

The weighted fair value accounted for in the results of the granted options of \$ 174,013 (\$ nil in 2020) was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Share price at date of grant	0.11 \$	-
Expected volatility	150 %	-
Expected life	5 années / years	-
Risk free interest rate	0,94 %	2,06 %
Exercise price at date of grant	0,11 \$	0,10 \$
Weighted fair value	0,10 \$	0,06 \$

The underlying expected volatility was determined by reference to historical data of comparable Company's shares over the expected life period. No special features inherent to the options granted were incorporated into measurement of fair value.

The table below summarizes the information related to share options as at June 30, 2021 :

Outstanding and exercisable options

	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Remaining life (years)</b>
		\$	
	1,000,000	0,10	4,75
	750,000	0,115	4,92
	1,750,000	0,11	

**7. RELATED PARTY TRANSACTIONS**

The related parties of the Company include related companies and key management personnel.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are generally settled in cash.

The key management personnel compensation includes the following expenses:

**7.1 Remuneration of key management personnel**

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
	<b>\$</b>	<b>\$</b>
Short-term management benefits		
Management fees	60,000	
Professional fees	12,042	
	72,042	
Share-based payments	147,891	
Total Remuneration	1 827 719	
Recognized in exploration and evaluation assets	(12,042)	
Total remuneration expenses	207,891	

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**8. CAPITAL MANAGEMENT**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to owners of the parent.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which proceeds are committed for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the period ended June 30, 2021.

**9. FINANCIAL INSTRUMENT RISK DISCLOSURES**

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarized below. The main risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed to are described below.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at June 30, 2021 the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	June 30, 2021	December 31, 2020
	\$	\$
Cash	73,988	69,262

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are government agencies or reputable banks with high quality external credit ratings.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through financings.

The Company's trade and other payables all contractually mature within three months, except for amounts due to related parties which are payable on demand.

**10. CONTINGENCIES AND COMMITMENTS**

During the year ended December 31, 2019, the Company issued flow-through shares and estimated the value of the flow-through share premium associated with those shares to be \$ 70,800. In July 2020, the Canadian Government provided relief with respect to COVID-19 by providing companies with an additional 12 months in which they can spend eligible flow through expenditures and provided interest relief on unspent funds.

The following is a continuity schedule of the deferred premium liability on flow-through share issuances:

<b>Balance at December 31, 2020</b>	<b>\$ 70,800</b>
Expenditures	<b>(17,591)</b>
<b>Balance at June 30, 2021</b>	<b>53,209</b>

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**FOR THE SIX-MONTHS PERIODS ENDED JUNE 30, 2021 AND 2020**  
**(Unaudited, in Canadian Dollars)**

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**11. SUBSEQUENT EVENTS**

**On August 2, 2021**, the Company granted 1,200,000 incentive stock options to officers and a consultant. The options are exercisable at \$ 0.09 expiring August 2, 2026.

**On August 23, 2021**, the Company completed a private placement of 7,095,000 units at a price of \$ 0.07 per unit for total proceeds of \$ 496,650. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each full warrant entitles its holder to acquire one common share of the Company at a price of \$ 0.10 at any time before February 23, 2023.