

# **SASSY RESOURCES CORPORATION**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED  
JUNE 30, 2021 AND 2020**

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Sassy Resources Corporation

### *Opinion*

We have audited the accompanying consolidated financial statements of Sassy Resources Corporation (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has no sources of revenue, ongoing losses and a deficit of \$4,409,102. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

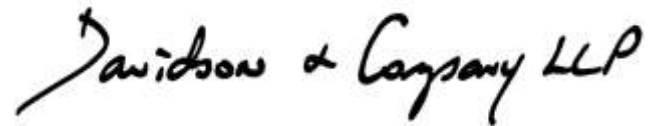
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

October 28, 2021

# Sassy Resources Corporation

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at

	June 30, 2021	June 30, 2020
	(\$)	(\$)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	7,592,851	941,569
Sales tax receivable	62,842	16,163
Prepays	52,003	55,000
	7,707,696	1,012,732
<b>Deposits</b> (Note 4)	60,950	32,000
<b>Exploration advances</b> (Note 4)	96,745	-
<b>Exploration and evaluation assets</b> (Note 4)	10,014,880	2,699,321
	17,880,271	3,744,053
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 5 and 7)	337,378	177,622
Other liabilities (Note 6)	109,026	25,600
Special warrants - Gander Gold Corp. (Note 8)	4,471,250	-
	4,917,654	203,222
<b>Shareholders' equity</b>		
Share capital (Note 8)	15,628,966	4,569,629
Reserves (Note 8)	1,742,753	237,695
Deficit	(4,409,102)	(1,266,493)
	12,962,617	3,540,831
	17,880,271	3,744,053

**Nature of Operations and Going Concern (Note 1)**

**Subsequent Events (Note 13)**

On behalf of the Board:

"Richard Savage"

Director

"Terry Coughlan"

Director

See accompanying notes to the consolidated financial statements

## Sassy Resources Corporation

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year Ended June 30, 2021	Year Ended June 30, 2020
	(\$)	(\$)
<b>EXPENSES</b>		
Consulting fees (Note 7)	527,877	223,658
General and administrative	92,267	82,391
Impairment of loan receivable (Note 7)	-	326,945
Management fees (Note 7)	250,000	200,000
Professional fees (Note 7)	236,969	163,562
Share-based payments (Notes 7 and 8)	1,646,194	213,795
Transfer agent and filing fees	60,078	13,641
Travel and promotion	730,159	41,001
	(3,543,544)	(1,264,993)
Flow-through share premium recovery (Note 6)	396,964	-
Interest income	3,971	-
<b>Loss and comprehensive loss</b>	(3,142,609)	(1,264,993)
<b>Basic and diluted loss per share:</b>	\$ (0.09)	\$ (0.18)
<b>Weighted average common shares outstanding:</b>		
Basic and diluted	36,402,753	7,096,744

See accompanying notes to the consolidated financial statements

## Sassy Resources Corporation

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	<b>Share capital</b>				
	<b>Number of Shares</b>	<b>Amount</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
		(\$)	(\$)	(\$)	(\$)
<b>Balance at June 30, 2019</b>	1	1	-	(1,500)	(1,499)
Asset acquisition from Crystal Lake Mining Corp.	9,999,999	2,500,000	-	-	2,500,000
Common shares issued for cash	12,316,000	2,079,000	-	-	2,079,000
Common shares issued for property	250,000	62,500	-	-	62,500
Share issuance costs	-	(71,872)	23,900	-	(47,972)
Share subscriptions received in advance	-	-	-	-	-
Stock options vested	-	-	213,795	-	213,795
Loss for the year	-	-	-	(1,264,993)	(1,264,993)
<b>Balance at June 30, 2020</b>	22,566,000	4,569,629	237,695	(1,266,493)	3,540,831
Common shares issued for cash	11,013,056	6,481,964	-	-	6,481,964
Common shares issued for property	5,050,000	3,168,000	-	-	3,168,000
Common shares issued - option exercise	525,000	273,803	(116,303)	-	157,500
Common shares issued - warrant exercise	7,727,200	1,854,508	(23,333)	-	1,831,175
Common shares issued - RSU exercise	250,000	145,000	(145,000)	-	-
Flow-through share premium	-	(480,390)	-	-	(480,390)
Restricted share units vested	-	-	1,003,264	-	1,003,264
Share issuance costs	-	(383,548)	143,500	-	(240,048)
Stock options vested	-	-	642,930	-	642,930
Loss for the year	-	-	-	(3,142,609)	(3,142,609)
<b>Balance at June 30, 2021</b>	47,131,256	15,628,966	1,742,753	(4,409,102)	12,962,617

See accompanying notes to the consolidated financial statements

# Sassy Resources Corporation

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended June 30, 2021	Year Ended June 30, 2020
	(\$)	(\$)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the year	(3,142,609)	(1,264,993)
Items not affecting cash		
Flow-through share premium recovery	(396,964)	-
Impairment of loan receivable	-	326,945
Share-based payments	1,646,194	213,795
Changes in non-cash working capital items:		
GST receivable	(46,679)	(16,163)
Prepays	2,997	(55,000)
Accounts payable and accrued liabilities	(23,639)	129,055
	(1,960,700)	(666,361)
<b>INVESTING ACTIVITIES</b>		
Deposit	(28,950)	(32,000)
Exploration and evaluation expenditures	(3,964,164)	(89,754)
Exploration advances	(96,745)	-
	(4,089,859)	(121,754)
<b>FINANCING ACTIVITIES</b>		
Common shares issued for cash	6,481,964	2,104,600
Funds advanced to Crystal Lake Mining, net	-	(326,945)
Share issuance costs	(240,048)	(47,972)
Share purchase warrants exercised	1,831,175	-
Gander Gold special warrants issued for cash	4,471,250	-
Stock options exercised	157,500	-
	12,701,841	1,729,683
Change in cash during the year	6,651,282	941,568
<b>Cash - beginning of year</b>	941,569	1
<b>Cash - end of year</b>	7,592,851	941,569

Supplemental Cash Flow Information (Note 12)

See accompanying notes to the consolidated financial statements



## **SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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

Sassy Resources Corporation (the “Company”) was incorporated on June 3, 2019 under the Business Corporations Act (British Columbia). The Company is an exploration stage mining company currently engaged in the identification, acquisition and exploration of precious metal resources in Canada. The Company’s registered and records office is located at suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6. The Company’s shares are traded on the Canadian Securities Exchange (the “Exchange”) under the symbol “SASY”.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has no sources of revenue, ongoing losses and a deficit of \$4,409,102.

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 or ability to raise funds.

The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s financial statements and such adjustments could be material. The above conditions cast significant doubt on the Company’s ability to continue as a going concern.

### **2. BASIS OF PREPARATION**

#### ***Statement of compliance***

The Company prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations from the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were approved by the Company’s Board of Directors on October 28, 2021.

#### ***Basis of measurement***

All references to dollar amounts in these financial statements and related notes are in Canadian dollars, unless otherwise indicated.

These financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information, and financial instruments classified as financial instruments at fair value through profit or loss, or fair value through other comprehensive loss which are stated at fair value.

#### ***Functional and Presentation Currency***

The functional currency of the Company and its wholly-owned subsidiary, Gander Gold Corporation (“Gander Gold”) is the Canadian dollar, which is also the presentation currency of the financial statements.

## **SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### **2. BASIS OF PREPARATION (continued)**

#### *Basis of Consolidation*

These consolidated financial statements include the accounts of Gander Gold, which was incorporated on February 3, 2021 under the Business Corporations Act (BC).

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

#### *Use of Estimates and Judgments*

The preparation of these financial statements 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 reported amounts of expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

#### Income taxes

The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

#### Non-monetary transactions

Assets exchanged or transferred in non-monetary transactions are measured at the fair value of the asset given up or the fair value of the asset received, whichever is more reliable.

#### Share-based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

## **SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### **2. BASIS OF PREPARATION (continued)**

Significant judgments that management has made at the end of the reporting period are as follows:

#### Carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

#### Going Concern

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

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

#### *Loss per share*

Basic loss per share is calculated by dividing the loss of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The calculation assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price. For the period presented, this calculation proved to be anti-dilutive.

#### *Exploration and evaluation assets*

Costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. Costs incurred before the Company has obtained the legal rights to explore an area are recognized through profit or loss. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are first tested for impairment and then reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their recoverable amount. Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

## SASSY RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Flow-through shares*

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures by the Company. Proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through share and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company renounces the expenditures, at which point the liability is reversed and recorded as other income on the statements of loss and comprehensive loss. The Company records a deferred tax liability when the Company makes the expenditures. At the time of recognition of the deferred tax liability, an offsetting entry is made to tax expense.

#### *Restoration provisions*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year. The Company currently has no restoration obligations.

#### *Income taxes*

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the jurisdictions where the Company operates and generates taxable income.

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## SASSY RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Share-based payments*

The Company has a stock option plan. Share based payments are measured at the fair value of the instruments issued and recognized over the term of vesting. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the options granted shall be based on the number of options that eventually vest. If and when stock options are ultimately exercised, the amount of cash received as well as the applicable amount of the associated reserve is transferred to share capital. The value associated with expired options remains in reserves.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders the services.

#### *Impairment of long-lived assets*

The carrying amount of the Company's assets is reviewed for indicators of impairment at each reporting date. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal ("FVLCD").

FVLCD is defined as the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The Company calculates FVLCD by reference to the after-tax future cash flows expected to be derived, less estimated selling costs. The estimated after-tax future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. If an impairment loss exists, then it is recorded as an expense immediately.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss cannot be reversed to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

## SASSY RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Financial instruments*

IFRS 9 provides three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

#### Financial assets

The Company initially recognizes financial assets at fair value on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company’s financial assets consist of cash which has been classified as fair value through profit or loss. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as FVTPL.

#### Financial liabilities

The Company’s financial liabilities consist of accounts payable and accrued liabilities which have been classified as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

#### Impairment

An “expected credit loss” impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

## SASSY RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Leases*

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the statement of financial position a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized in profit or loss will be recognized on the statement of financial position.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

As at June 30, 2021 and 2020, the Company did not have any leases that would result in a right-of-use asset or lease liability.

### 4. EXPLORATION AND EVALUATION ASSETS

#### Foremore Property, British Columbia

In connection with the Arrangement the Company took assignment of a binding letter of intent ("LOI") dated June 24, 2019 (the "Effective Date"), as amended on November 12, 2019, which provides an exclusive option to acquire a 100% ownership interest in 35 mineral claims located in the Eskay Creek district of British Columbia (the "Foremore Property").

Pursuant to the LOI, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon completion of the Arrangement (issued)	250,000	-	-
On or before August 13, 2020 (issued and paid)	250,000	50,000	150,000
On or before August 13, 2021	250,000	66,667	150,000
On or before August 13, 2022	250,000	66,667	300,000
On or before August 13, 2023	250,000	66,667	300,000
On or before August 13, 2024	-	-	300,000
<b>Total</b>	<b>1,250,000</b>	<b>250,001</b>	<b>1,200,000</b>

**SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

The vendor of the property will retain a 3% net smelter return (“NSR”) royalty upon the Company completing its obligations under the LOI. The Company has the right to purchase back the NSR of 2% for a cash payment of \$2,000,000 and an additional 0.5% for a cash payment of \$1,000,000. Upon the fifth anniversary of the Effective Date, the Company is required to commence payment of an annual advanced royalty of \$20,000 until such time as the Company elects to purchase the NSR. At that point the cumulative advanced royalties paid will be deducted from the NSR purchase price disclosed above.

The Company posted a \$32,000 reclamation program security deposit with the Ministry of Energy, Mines and Petroleum Resources in connection with the Foremore Property exploration program.

In November 2020, the Company entered into an amending agreement wherein the Company made a final cash payment of \$175,000 and issued 750,000 common shares to the vendor of the Foremore Property and acquired a 100% ownership, subject the aforementioned NSR, of the Foremore property.

Gander Properties, Newfoundland**Gander South/Hermitage/Little River**

On February 11, 2021, the Company entered into an agreement (the “Vulcan Agreement”) with Vulcan Minerals Inc. (“Vulcan”) dated February 11, 2021, which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (known as the “Gander South Property”, the “Little River Property” and the “Hermitage Property”).

Pursuant to the Vulcan Agreement, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon execution of the Agreement (issued and paid)	1,000,000	100,000	-
On or before February 11, 2022	300,000	50,000	200,000
On or before February 11, 2023	300,000	50,000	400,000
On or before February 11, 2024	400,000	100,000	600,000
On or before February 11, 2025	500,000	100,000	800,000
<b>Total</b>	<b>2,500,000</b>	<b>400,000</b>	<b>2,000,000</b>

The Company also reimbursed Vulcan for a refundable staking deposit totaling \$28,950 which is posted with government of Newfoundland and Labrador.

Vulcan will retain a 3% net smelter return (“NSR”) royalty upon the Company completing its obligations under the Vulcan Agreement. The Company has the right to purchase back one half of the NSR (1.5%) for a cash payment of \$2,000,000 and the issuance of 500,000 common shares of the Company.



**SASSY RESOURCES CORPORATION**

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(Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS (continued)****Gander North/Carmanville**

On March 12, 2021, as amended on April 7, 2021, the Company entered into agreement (the “Gander North Agreement”) with Wildwood Exploration Inc. (“Wildwood”) which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (known as the “Gander North Property” and the “Carmanville Property”).

Pursuant to the Gander North Agreement, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon execution of the Agreement (issued and paid)	1,000,000	154,275	-
On or before November 15, 2021	-	-	275,000
On or before March 12, 2022	500,000	50,000	-
On or before April 7, 2022	250,000	-	-
On or before November 15, 2022	-	-	335,000
On or before March 12, 2023	500,000	100,000	-
On or before April 7, 2023	250,000	-	-
On or before November 15, 2023	-	-	400,000
On or before March 12, 2024	500,000	100,000	-
On or before April 7, 2024	250,000	-	-
On or before November 15, 2024	-	-	750,000
On or before March 12, 2025	500,000	100,000	-
On or before November 15, 2025	-	-	1,000,000
On or before March 12, 2026	750,000	150,000	-
<b>Total</b>	<b>4,500,000</b>	<b>654,275</b>	<b>2,760,000</b>

Wildwood will retain a 2.5% NSR royalty upon the Company completing its obligations under the Gander North Agreement. The Company has the right to purchase that portion of the NSR equal to 1% for a cash payment of \$2,500,000.

Upon completion of a public listing of the common shares of Gander Gold on a stock exchange, then Gander Gold will be required to issue an additional 500,000 common shares to Wildwood.

**SASSY RESOURCES CORPORATION**

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(Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS (continued)****Cape Ray**

On March 12, 2021, as amended on April 7, 2021, the Company entered into agreement (the “Gander North Agreement”) with Wildwood Exploration Inc. (“Wildwood”) which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (the “Cape Ray Property”).

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon execution of the Agreement (issued and paid)	500,000	87,455	-
On or before November 15, 2021	-	-	100,000
On or before March 12, 2022	250,000	35,000	-
On or before April 7, 2022	250,000	-	-
On or before November 15, 2022	-	-	120,000
On or before March 12, 2023	500,000	50,000	-
On or before November 15, 2023	-	-	150,000
On or before March 12, 2024	500,000	75,000	-
On or before November 15, 2024	-	-	430,000
On or before March 12, 2025	750,000	75,000	-
On or before November 15, 2025	-	-	1,000,000
On or before March 12, 2026	750,000	130,000	-
<b>Total</b>	<b>3,500,000</b>	<b>452,455</b>	<b>1,800,000</b>

Wildwood will retain a 2.5% NSR royalty upon the Company completing its obligations under the Cape Ray Agreement. The Company has the right to purchase that portion of the NSR equal to 1% for a cash payment of \$2,500,000.

Upon completion of a public listing of the common shares of Gander Gold on a stock exchange, then Gander Gold will be required to issue an additional 500,000 common shares to Wildwood.

**SASSY RESOURCES CORPORATION**

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(Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS (continued)****Mount Peyton/BLT**

On March 12, 2021, as amended on May 12, 2021, the Company entered into an agreement (the “Thwart Island Agreement”) with Wildwood which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (known as the “Mount Peyton Property” and the “BLT Property”).

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon execution of the Agreement (issued and paid)	1,250,000	331,320	-
On or before November 15, 2021	-	-	140,000
On or before January 15, 2022	-	-	700,600
On or before March 12, 2022	1,250,000	75,000	-
On or before November 15, 2022	-	-	160,000
On or before March 12, 2023	1,250,000	100,000	-
On or before November 15, 2023	-	-	200,000
On or before March 12, 2024	1,250,000	100,000	-
On or before November 15, 2024	-	-	500,000
On or before March 12, 2025	1,250,000	125,000	-
On or before November 15, 2025	-	-	1,000,000
On or before March 12, 2026	750,000	150,000	-
<b>Total</b>	<b>7,000,000</b>	<b>881,320</b>	<b>2,700,600</b>

Wildwood will retain a 2.5% NSR royalty upon the Company completing its obligations under the Thwart Island Agreement. The Company has the right to purchase that portion of the NSR equal to 1% for a cash payment of \$2,500,000.

Upon completion of a public listing of the common shares of Gander Gold on a stock exchange, then Gander Gold will be required to issue an additional 500,000 common shares to Wildwood.

**Nicobat Property, Ontario**

In connection with the Arrangement the Company entered into an assignment agreement with Crystal Lake and Emerald Lake and, upon closing of the Arrangement, the Company acquired the Emerald Lake Properties (the “Nicobat Property”) from Crystal Lake, with the consent of Emerald Lake, subject to certain royalties.

**SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

On April 23, 2021, the Company entered into an agreement to option the Nicobat Property to privately held Max Power Mining Corp. (“Max Power”). Pursuant to the agreement, Max Power can earn a 100% interest in the Nicobat Property by incurring \$1,000,000 in exploration expenditures on the property over a four year period and issuing 5,000,000 common shares to the Company upon Max Power obtaining a listing on a recognized Canadian stock exchange. The shares will be released to the Company in stages over a three year period. In addition, the Company will receive 1,000,000 share purchase warrants in Max Power which vests over a two year period and will be exercisable at \$0.25 for a period of 36 months. Finally, the Company will retain a 1% net smelter return royalty on the Nicobat Property, which may be purchased by Max Power at any time for a cash payment of \$1,000,000.

Summary of Exploration Expenditures

	<b>Foremore Property</b>	<b>Gander Properties</b>	<b>Nicobat Property</b>	<b>Total</b>
	(\$)	(\$)	(\$)	(\$)
<b>Acquisition Costs:</b>				
Balance, June 30, 2019	-	-	-	-
Additions	2,587,500	-	-	2,587,500
Balance, June 30, 2020	2,587,500	-	-	2,587,500
Additions	847,500	3,193,550	-	4,041,050
Balance, June 30, 2021	3,435,000	3,193,550	-	6,628,550
<b>Exploration Costs:</b>				
Balance, June 30, 2019	-	-	-	-
Camp and office supplies	83,671	-	-	83,671
Consulting	28,150	-	-	28,150
Balance, June 30, 2020	111,821	-	-	111,821
Assays	169,406	-	-	169,406
Camp and office supplies	267,606	-	-	267,606
Consulting	793,462	810	-	794,272
Drilling	465,540	-	-	465,540
Expediting	49,058	-	-	49,058
Field and office supplies	75,367	-	-	75,367
Geophysics	261,346	-	-	261,346
Helicopter support	968,374	-	-	968,374
Permitting	23,740	-	-	23,740
Reports	11,700	-	-	11,700
Sampling	-	188,100	-	188,100
Balance, June 30, 2021	3,197,420	188,910	-	3,386,330
<b>Total Costs:</b>				
Balance, June 30, 2020	2,699,321	-	-	2,699,321
Balance, June 30, 2021	6,632,420	3,382,460	-	10,014,880

**5. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
	(\$)	(\$)
Trade payables	291,878	89,487
Related party payables (Note 8)	10,500	30,135
Accrued liabilities	35,000	58,000
	<u>337,378</u>	<u>177,622</u>

**6. OTHER LIABILITIES**

During the year ended June 30, 2021, the Company issued 1,936,301 flow-through shares which resulted in a flow-through premium of \$480,390. All of the requisite expenditures were incurred and renounced during the year ended June 30, 2021.

During the year ended June 30, 2020, the Company issued 256,000 flow-through shares which resulted in a flow-through premium of \$25,600. All of the requisite expenditures were incurred and renounced during the year ended June 30, 2021, so a flow through share premium liability was recorded as at June 30, 2020.

As a result, the Company recorded a flow through share premium recovery totaling \$505,990 on the statement of loss for the year ended June 30, 2021.

**7. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having 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 remuneration of directors and other members of key management personnel during the year ended June 30, 2021 and 2020 is as follows:

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
	(\$)	(\$)
Consulting fees	60,000	57,000
Geological consulting	203,500	43,500
Management fees	250,000	200,000
Professional fees	76,500	32,500
Share-based payments	1,233,751	199,607
	<u>1,823,751</u>	<u>532,607</u>

## **SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### **7. RELATED PARTY TRANSACTIONS (continued)**

During the year ended June 30, 2020, a total of \$326,945 owing from a corporation that shares directors in common was determined to be uncollectible and accordingly was fully impaired, as a result of completing the Arrangement.

As at June 30, 2021, a total of \$10,500 (June 30, 2020 - \$30,135) was included in accounts payable and accrued liabilities owing to the directors and officers of the Company.

Under the terms of their management agreement, a certain officer of the Company is entitled to six months of base pay in the event of their agreement being terminated without cause.

### **8. SHARE CAPITAL AND RESERVES**

#### *Authorized share capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value.

#### *Issued share capital*

##### Year ended June 30, 2021

On July 28, 2020, Company completed a non-brokered private placement and issued 6,014,461 units at \$0.30 per unit for gross proceeds of \$1,804,338. Each unit is comprised of a common share and a share purchase warrant that entitles the holder to acquire an additional share at \$0.50 for a period of 30 months. The Company paid cash finder's fees of \$35,280 and issued 117,600 finder's warrants valued at \$16,200. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.50 on or before January 28, 2023.

## SASSY RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### 8. SHARE CAPITAL AND RESERVES (continued)

On July 28, 2020, Company completed a non-brokered private placement and issued 502,500 flow through units at \$0.40 per unit for gross proceeds of \$201,000. Each flow through unit is comprised of a flow-through common share and one half of a non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$0.55 for a period of 30 months. The Company paid cash finder's fees of \$11,620 and issued 29,050 finder's warrants valued at \$3,800. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.55 on or before January 28, 2023.

On August 19, 2020, the Company issued 250,000 common shares valued at \$130,000 in accordance with the Foremore Property acquisition agreement (Note 4).

On October 22, 2020 and November 2, 2020, the Company completed a non-brokered private placement in two tranches and issued an aggregate of 3,062,294 units at \$0.90 per unit for gross proceeds of \$2,756,065. Each unit is comprised of a common share and one half of a share purchase warrant. Each whole warrant entitles the holder to acquire an additional share at \$1.25 for a period of 24 months. The Company paid cash finder's fees of \$109,152 and issued 80,804 finder's warrants valued at \$57,600. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.90 for a period of 24 months.

On October 22, 2020 and November 2, 2020, Company completed a non-brokered private placement in two tranches and issued an aggregate of 1,433,801 flow through units at \$1.20 per unit for gross proceeds of \$1,720,561. Each flow through unit is comprised of a flow-through common share and one half of a non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$1.50 for a period of 24 months. The Company paid cash finder's fees of \$77,350 and issued 94,815 finder's warrants valued at \$65,900. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$1.20 for a period of 24 months.

On November 19, 2020, the Company issued 750,000 common shares valued at \$517,500 in accordance with the amended Foremore Property acquisition agreement (Note 4).

On February 18, 2021, the Company issued 1,000,000 common shares valued at \$620,000 in accordance with the Newfoundland Property option agreement (Note 4).

On April 26, 2021, the Company issued 250,000 common shares pursuant to the exercise of RSUs. The fair value of the RSUs was determined to be \$145,000, and accordingly the amount has been transferred from reserves to share capital.

In May 2021, the Company issued 2,750,000 common shares valued at \$1,717,500 in accordance with the Wildwood Agreements (Note 4). The Company also issued 300,000 common shares valued at \$183,000 as a finder's fee in connection with the Wildwood Agreements.

During the year ended June 30, 2021, the Company issued 7,574,750 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$1,790,437.

## **SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### **8. SHARE CAPITAL AND RESERVES (continued)**

During the year ended June 30, 2021, the Company issued 152,450 common shares pursuant to the exercise of finders' warrants for gross proceeds of \$40,738. The fair value of the finders' warrants was determined to be \$23,333, and accordingly the amount has been transferred from reserves to share capital.

During the year ended June 30, 2021, the Company issued 525,000 common shares pursuant to the exercise of stock options for gross proceeds of \$157,500. The fair value of the options was determined to be \$116,303, and accordingly the amount has been transferred from reserves to share capital.

During the year ended June 30, 2021, the Company incurred other share issuance costs of \$6,646.

#### Year ended June 30, 2020

On October 4, 2019, the Company completed the first tranche of a non-brokered private placement and issued 770,000 shares at \$0.25 for gross proceeds of \$192,500. The Company paid cash finder's fees of \$8,000 and issued 32,000 finder's warrants valued at \$3,100. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before October 4, 2020.

On November 20, 2019, the Company completed the second tranche of the non-brokered private placement and issued 140,000 shares at \$0.25 for gross proceeds of \$35,000.

On January 3, 2020, the Company completed the third and final tranche of the non-brokered private placement and issued 40,000 shares at \$0.25 for gross proceeds of \$10,000.

On February 18, 2020, the Company issued 9,999,999 common shares valued at \$2,500,000 to CLM in exchange for the Foremore Property, Nicobat Property and other properties located in Ontario. These shares were subsequently distributed to the shareholders of Crystal Lake pursuant to the Plan of Arrangement (Note 2).

On February 18, 2020, the Company issued 250,000 common shares valued at \$62,500 in accordance with the Foremore Property acquisition agreement (Note 5).

On February 18, 2020, the Company converted 5,000,000 special warrants into 5,000,000 common shares and 5,000,000 share purchase warrants which entitle the holder to acquire an additional common share at a price of \$0.10 on or before July 17, 2021. The special warrants were previously issued on July 17, 2019 at a price of \$0.05 per special warrant for aggregate proceeds of \$250,000.

On March 6, 2020, the Company completed a non-brokered private placement and issued 670,000 common shares at \$0.25 for gross proceeds of \$167,500. The Company paid cash finder's fees of \$3,600 and issued 14,400 finder's warrants valued at \$1,400. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before March 6, 2021.



## SASSY RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

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### 8. SHARE CAPITAL AND RESERVES (continued)

On May 21, 2020, the Company completed a non-brokered private placement and issued 5,040,000 units at \$0.25 per unit for gross proceeds of \$1,260,000. Each unit is comprised of a common share and a share purchase warrant that entitles the holder to acquire an additional share at \$0.45 for a period of 30 months. The Company paid cash finder's fees of \$25,550 and issued 102,200 finder's warrants valued at \$14,600. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before November 21, 2022.

On May 29, 2020, the Company completed a non-brokered private placement and issued 400,000 units at \$0.25 per unit for gross proceeds of \$100,000. Each unit is comprised of a common share and a share purchase warrant that entitles the holder to acquire an additional common share at \$0.45 for a period of 30 months. The Company paid cash finder's fees of \$4,550 and issued 18,200 finder's warrants valued at \$2,600. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before November 29, 2022.

On May 29, 2020, the Company completed a non-brokered private placement and issued 256,000 flow through units at \$0.35 per unit for gross proceeds of \$89,600. Each flow through unit is comprised of a flow-through common share and one half of a non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$0.50 for a period of 30 months. The Company paid cash finder's fees of \$6,272 and issued 17,920 finder's warrants valued at \$2,200. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before November 29, 2022.

#### *Stock options*

The Company has rolling incentive stock option plan (the "Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company unless otherwise approved by the Board of Directors.

In May 2020, the Company granted 1,800,000 incentive stock options that are exercisable at \$0.25 per share until May 29, 2025. The options have different vesting terms, and the Company recorded share-based payments of \$213,795 during the year ended June 30, 2020. The remaining balance vested during the year ended June 30, 2021, and the Company recorded an additional \$118,805.

In July 2020, the Company granted 850,000 incentive stock options that are exercisable at \$0.30 per share until July 28, 2025. The options all vested immediately, and the Company recorded share-based payments of \$188,300 during the year ended June 30, 2021.

In August 2020, the Company granted 200,000 incentive stock options that are exercisable at \$0.57 per share until August 28, 2025. The options all vested immediately, and the Company recorded share-based payments of \$84,200 during the year ended June 30, 2021.

**SASSY RESOURCES CORPORATION**

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**8. SHARE CAPITAL AND RESERVES (continued)**

In November 2020, the Company granted 250,000 incentive stock options that are exercisable at \$1.00 per share until November 20, 2025. The Company recorded share-based payments of \$155,300 during the year ended June 30, 2021.

In May 2021, the Company granted 100,000 incentive stock options that are exercisable at \$0.71 per share until May 20, 2025. The options all vested on October 1, 2021, and the Company recorded share-based payments of \$54,900 during the year ended June 30, 2021.

In June 2021, the Company granted 200,000 incentive stock options that are exercisable at \$0.75 per share until June 25, 2026. The option vest over a six month period, and the Company recorded share-based payments of \$41,425 during the year ended June 30, 2021.

A continuity schedule of the Company's stock options is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
		(\$)
Balance, June 30, 2019	-	-
Issued	1,800,000	0.25
Balance, June 30, 2020	1,800,000	0.25
Exercised	(525,000)	0.30
Issued	1,600,000	0.53
Balance, June 30, 2021	2,875,000	0.39

The following table summarizes the stock options outstanding as at June 30, 2021:

<b>Expiry Date</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life</b>
			(\$)	(yrs)
May 29, 2025	1,800,000	1,800,000	0.25	3.92
July 28, 2025	325,000	325,000	0.30	4.08
August 25, 2025	200,000	200,000	0.57	4.16
November 20, 2025	250,000	250,000	1.00	4.39
May 20, 2026	100,000	-	0.71	4.89
June 25, 2023	200,000	50,000	0.75	1.99
	2,875,000	2,625,000	0.39	3.89

**8. SHARE CAPITAL AND RESERVES (continued)**

***RSUs***

The Company has a rolling Restricted Share Unit (“RSU”) plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, issue RSUs to eligible participants, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Vesting provisions as well as method of settlement (ie. cash or common shares) are determined by the Board of Directors of the Company. The maximum number common shares reserved for issuance to any one RSU holder will not exceed five percent (5%) of the issued and outstanding common shares. Any unvested RSUs are immediately forfeited following cessation of the RSU holder’s position with the Company unless otherwise approved by the Board of Directors.

On February 26, 2021, the Company granted 2,600,000 RSUs that vest at various times through July 1, 2022. During the year ended June 30, 2021, the Company recorded share-based payments of \$1,003,264 (2020 - \$Nil)

The continuity of the Company's RSUs is as follows:

	<b>Number of RSUs</b>
Balance, June 30, 2019 and 2020	-
Issued	2,600,000
Exercised	(250,000)
Expired	(150,000)
<b>Balance, June 30, 2021</b>	<b>2,200,000</b>

As at June 30, 2021 there are 2,200,000 RSUs outstanding that expire December 31, 2024.

***Warrants***

A continuity schedule of the Company’s share purchase warrants is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, June 30, 2019	-	-
Issued	10,752,720	0.28
Balance, June 30, 2020	10,752,720	0.28
Issued	8,836,030	0.72
Exercised	(7,727,200)	0.24
<b>Balance, June 30, 2021</b>	<b>11,861,550</b>	<b>0.64</b>

**SASSY RESOURCES CORPORATION**  
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**8. SHARE CAPITAL AND RESERVES (continued)**

The following table summarizes the share purchase warrants outstanding as at June 30, 2021:

<b>Expiry Date</b>	<b>Number of Warrants Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life</b>
		<b>(\$)</b>	<b>(yrs)</b>
July 17, 2021	200,000	0.10	0.05
October 22, 2022 *	1,619,798	1.35	1.31
November 2, 2022 *	803,871	1.25	1.34
November 21, 2022	3,753,100	0.45	1.39
November 29, 2022	270,920	0.47	1.42
January 28, 2023	5,213,861	0.50	1.58
	<b>11,861,550</b>	<b>0.64</b>	<b>1.44</b>

\* subject to an acceleration provision wherein if the trading price of the Company's common shares is \$1.75 or greater during any ten consecutive trading day period at any time subsequent to four months and one day after the closing date, the warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the warrants.

The finder's warrants and stock options issued during the year were valued using the Black-Scholes option pricing model under the following weighted average assumptions:

	<b>Warrants 2021</b>	<b>Warrants 2020</b>		<b>Options 2021</b>	<b>Options 2020</b>
Risk-free interest rate	0.27%	0.26%	Risk-free interest rate	0.38%	0.39%
Expected life of warrants	2.00 yr	2.40 yr	Expected life of options	4.56 yr	5.00 yrs
Volatility	149%	100%	Volatility	111%	100%
Expected dividend yield	Nil	Nil	Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil	Forfeiture rate	Nil	Nil
Weighted average fair value	\$0.45	\$0.14	Weighted average fair value	\$0.35	\$0.18

**9. FINANCIAL RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to risk is on its cash. The Company holds its cash in substantial financial institutions to mitigate risk. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

## **SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

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### **9. FINANCIAL RISK MANAGEMENT (continued)**

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company prepares general operating budget to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company uses its best efforts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company's financial liabilities consist of accounts payable and accrued liabilities, all of which are due within twelve months.

The Company's main source of funding has been through the issuance of equity securities for cash. The Company's access to financing in the public markets is always uncertain. The Company is exposed to liquidity risk.

#### ***Commodity risk***

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for gold and silver are impacted by world economic events that dictate the levels of supply and demand. The Company had no hedging contracts in place as at or during the year ended June 30, 2021.

#### ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

#### ***Foreign exchange risk***

Foreign currency exchange rate risk is the risk that the fair value of assets and future cash flows will fluctuate as a result of changes in foreign currency exchange rates. However, the Company's functional currency is the Canadian dollar and the Company doesn't have any material assets or operations that are denominated in a foreign currency. Accordingly, the Company is not exposed to any material foreign exchange risk and has not hedged its limited exposure to currency fluctuations.

## **SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

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### **9. FINANCIAL RISK MANAGEMENT (continued)**

#### *Classification of financial instruments*

The Company classifies its other financial assets and other financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within 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 for the asset or liability that is not based on observable market data (unobservable inputs).

Financial assets included in the statement of financial position are cash. Financial liabilities included in the statement of financial position include accounts payable and accrued liabilities. The fair value of cash is measured using Level 1 of the fair value hierarchy. The fair value of accounts payable and accrued liabilities approximate the carrying amount due to their short term to maturity. The effect of changes in the Company's credit risk do not have a significant impact on the fair value due to the short term to maturity.

#### *Capital Management*

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of the components of shareholders' equity.

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 its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the year ended June 30, 2021.

### **10. SEGMENTED INFORMATION**

The Company operates in one reportable operating segments being the acquisition, exploration and evaluation of mineral resources properties.

The Company operates in one geographic segment located in Canada.

**SASSY RESOURCES CORPORATION**

Notes to the Consolidated Financial Statements

Year Ended June 30, 2021

(Expressed in Canadian dollars)

**11. INCOME TAX**

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before taxes. These differences result from the following items:

	<b>2021</b>	<b>2020</b>
	(\$)	(\$)
Loss before income taxes	(3,142,609)	(1,264,993)
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax recovery based on the above rates	(849,000)	(342,000)
Increase (decrease) due to:		
Adjustment to prior years' provision versus statutory returns	25,000	-
Change in statutory tax rates and other items	(22,000)	(12,000)
Impact of flow-through shares	401,000	-
Permanent differences	337,000	58,000
Tax effect of tax losses and temporary differences not recognized	108,000	296,000
Income tax (recovery) expense	-	-

The components of deferred income taxes are as follows:

	<b>2021</b>	<b>2020</b>
	(\$)	(\$)
<i>Deferred income tax assets (liabilities)</i>		
Non-capital losses	724,000	286,000
Allowable capital losses	44,000	-
Exploration and evaluation assets	(425,000)	-
Share issuance costs	61,000	10,000
Total deferred income tax assets	404,000	296,000
Unrecognized deferred tax asset	(404,000)	(296,000)
Net deferred tax asset	-	-

In assigning the realization of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has non-capital loss carryforwards and share issuance costs of approximately \$2,680,000 and \$226,000, respectively, that may be available for tax purposes, expiring in 2041 and 2043, respectively.

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
	(\$)	(\$)
<b>Non-cash investing and financing activities:</b>		
Exploration and evaluation expenditures accrued through accounts payable and accrued liabilities	230,462	47,067
Issuance of finders warrants as share issuance costs	143,500	23,900
Shares issued for exploration and evaluation assets	3,168,000	2,562,500
Transfer from reserves to share capital in connection with exercise of RSUs	145,000	-
Transfer from reserves to share capital in connection with exercise of share purchase warrants	23,333	-
Transfer from reserves to share capital in connection with exercise of stock options	116,303	-
<b>Interest paid during the year</b>	-	-
<b>Income taxes paid during the year</b>	-	-

**13. SUBSEQUENT EVENTS**

Subsequent to June 30, 2021:

- a) the Company issued 281,250 common shares pursuant to the exercise of share purchase warrants for aggregate cash proceeds of \$62,188.
- b) the Company issued 125,000 common shares pursuant to the exercise of RSUs.
- c) Gander Gold completed a non-brokered private placement wherein it issued an aggregate of 1,090,000 special warrants at a price of \$0.25 per special warrant for aggregate proceeds of \$272,500. Each special warrant is convertible into a common share of Gander Gold at a date to be determined by the board of directors of Gander Gold, but no later than two weeks after Gander Gold becomes a reporting issuer.
- d) the Company announced a dividend distribution of 8,833,333 common shares of Gander Gold to its shareholders of record on February 1, 2022.
- e) a total of 50,000 stock options exercisable at \$0.25 expired without being exercised.