

CLARITY GOLD CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

SIX MONTH PERIOD ENDED JUNE 30, 2021

(Expressed in Canadian dollars)

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Clarity Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

**CLARITY GOLD CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

	Notes	June 30, 2021	December 31, 2020 (Audited)
ASSETS			
CURRENT ASSETS			
Cash		\$ 4,939,385	\$ 48,162
Account receivable		6,648	-
GST receivable		94,133	127,776
Prepaid expenses	3	154,818	474,817
		5,194,984	650,755
NON-CURRENT ASSETS			
Equipment	4	5,583	-
Exploration and evaluation assets	5	3,991,548	1,018,561
Right of use asset	8	27,589	40,322
TOTAL ASSETS		\$ 9,219,704	\$ 1,709,638
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	6,10	\$ 707,744	\$ 630,246
Lease liability	8	26,838	24,805
		734,582	655,051
NON-CURRENT LIABILITY			
Lease liability	8	2,407	16,303
TOTAL LIABILITIES		736,989	671,354
SHAREHOLDERS' EQUITY			
Share capital	7	10,802,321	2,094,840
Reserves	7	1,528,954	835,710
Accumulated deficit		(3,848,560)	(1,892,266)
		8,482,715	1,038,284
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 9,219,704	\$ 1,709,638

Approved on behalf of the Board of Directors on August 20, 2021:

“Andrew Male” Director

“Theo van der Linde” Director

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Note	For the three month period ended June 30, 2021	For the three month period ended June 30, 2020	For the six month period ended June 30, 2021	For the six month period ended June 30, 2020
Expenses					
Accretion	8	\$ 1,046	\$ -	\$ 2,267	\$ -
Consulting fees	10	50,800	55,000	91,390	55,000
Corporate development		714,557	-	1,190,963	-
Depreciation	8	6,630	-	12,997	-
Foreign exchange gain		(915)	-	(41)	-
Office and administration		14,061	11,526	26,055	11,739
Professional fees	10	65,362	104,580	150,943	104,693
Registration and filing fees		7,791	16,517	10,791	29,057
Shareholder communications		9,785	7,951	19,923	7,951
Share-based compensation	7	7,185	-	439,265	-
Transfer agent		2,362	2,060	4,459	2,060
Travel and related		7,334	-	7,334	-
Total expenses		(885,998)	(197,634)	(1,956,346)	(210,500)
Other item					
Interest income		-	-	52	-
Net loss and comprehensive loss for the period		\$ (885,998)	\$ (197,634)	\$ (1,956,294)	\$ (210,500)
Basic and diluted loss per share for the period		\$(0.03)	\$(0.02)	\$(0.07)	\$(0.02)
Weighted average number of common shares outstanding		28,037,647	10,429,121	26,565,845	10,142,857

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTH PERIOD ENDED JUNE 30, 2021
(EXPRESSED IN CANADIAN DOLLARS)

	Share Capital		Reserves	Deficit	Total
	Number of shares	Amount			
Balance at December 31, 2019	9,650,000	\$ 154,245	\$ -	\$ (40,049)	\$ 114,196
Share issued for cash	7,300,000	1,247,500	-	-	1,247,500
Share issue costs	-	(176,553)	-	-	(176,553)
Fair market value of agent options granted for IPO	-	(56,721)	56,721	-	-
Net loss for the period	-	-	-	(210,500)	(210,500)
Balance at June 30, 2020	16,950,000	\$ 1,168,471	\$ 56,721	\$ (250,549)	\$ 974,643
Balance at December 31, 2020	20,371,500	2,094,840	835,710	(1,892,266)	1,038,284
Share issued for cash	6,785,701	8,342,693	-	-	8,342,693
Shares issued for exercised warrants	300,000	105,000	-	-	105,000
Shares issued for exploration and evaluation assets	685,391	1,007,525	-	-	1,007,525
Share issue costs	-	(493,758)	-	-	(493,758)
Share-based compensation	-	-	439,265	-	439,265
Fair market value of issued agent options	-	(253,979)	253,979	-	-
Net loss for the period	-	-	-	(1,956,294)	(1,956,294)
Balance at June 30, 2021	28,142,592	\$ 10,802,321	\$ 1,528,954	\$ (3,848,560)	\$ 8,482,715

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	For the six month period ended June 30, 2021	For the six month period ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (1,956,294)	\$ (210,500)
Items not affecting cash:		
Accretion	2,267	-
Depreciation	12,996	-
Share-based compensation	439,265	-
Net changes in non-cash working capital accounts		
Increase in account receivable	(6,648)	-
Decrease (increase) in GST receivable	33,643	(7,075)
Decrease (increase) in prepaid expenses	319,999	(26,671)
(Decrease) increase in accounts payable and accrued liabilities	(406,738)	112,144
Net cash used in operating activities	(1,561,510)	(132,102)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability payments	(14,130)	-
Shares issued for cash	8,342,693	1,247,500
Shares issued for exercised warrants	105,000	-
Share issue costs	(493,758)	(176,553)
Net cash provided by financing activities	7,939,805	1,070,947
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition of equipment	(5,846)	-
Exploration and evaluation costs	(1,481,226)	(50,500)
Net cash used in investing activities	(1,487,072)	(50,500)
Increase in cash during the period	4,891,223	888,345
Cash, beginning of the period	48,162	145,451
Cash, end of the period	\$ 4,939,385	\$ 1,033,796

Note 11 – Supplemental disclosures with respect to cash flows.

The accompanying notes are integral to these condensed interim financial statements

CLARITY GOLD CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

1. NATURE OF OPERATIONS

Clarity Gold Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 11, 2019. The Company's head office and registered office are located at 915 – 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

On June 25, 2020, the Company completed its initial public offering ("IPO") by issuing 6,900,000 common shares at \$0.175 per share for gross proceeds of \$1,207,500. On June 29, 2020, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "CLAR". On July 1, 2020, the Company's common shares commenced trading on the OTC Pink Sheets Market under the trading symbol "CLGCF".

The Company is a Canadian mineral exploration company focused on the acquisition, exploration and development of gold projects in Canada.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

Management believes that the Company has sufficient working capital to maintain its operations and activities for the next twelve months.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position, and cash flows in 2021.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) *Statement of compliance to International Financial Reporting Standards*

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements have been prepared following the same accounting policies applied to the Company's audited financial statements.

The financial statements were authorized for issuance on August 20, 2021 by the directors of the Company.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

b) Basis of presentation

These condensed interim financial statements are prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated 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) Foreign currency translation

The Company's reporting and functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, The Effect of Changes in Foreign Exchange Rates.

d) Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period.

e) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances; however, actual outcomes can differ from these estimates.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these condensed interim financial statements are discussed below:

Fair value of common shares issuance

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining the fair value of assets received when common shares are issued as consideration. If the fair value of assets received or services rendered cannot be reliably measured, the transaction will be recorded at the fair value of common shares issued on the date of issuance.

Impairment of Exploration and Evaluation assets

Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its exploration and evaluation assets, management has determined that the evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its exploration and evaluation assets as at June 30, 2021.

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

e) Significant accounting judgments, estimates and assumptions (continued)

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, changes in subjective input assumptions can materially affect the fair value estimate.

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Right-of-use asset and lease liability

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

f) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated using the declining balance method over the estimated useful life of the equipment at the annual rate specified in Note 4.

g) Exploration and evaluation assets

Upon acquiring the legal right to explore, all costs related to the acquisition and exploration and evaluation of properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

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.

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

h) Share-based compensation

Share-based compensation to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined the fair value of the goods or services cannot be reliably measured, they are recorded to the option reserve at the date the goods or services are received. 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 shall be based on the number of equity instruments that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related amount originally recorded in reserves is transferred to share capital. For those unexercised options or warrants that expire, the recorded value is transferred to deficit.

All equity-settled share-based payments are reflected in other equity reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in other equity reserves is credited to share capital, adjusted for any consideration paid. For those unexercised options and share purchase warrants that expire, the recorded value is transferred to deficit.

i) Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in profit or loss. Short term leases are defined as leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

j) Earnings (loss) per share

Basic earnings or loss per common share is calculated using the weighted average number of shares outstanding during the period. The Company computes the dilutive effect of options, warrants and similar instruments whereby the dilutive effect on earnings or loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the period presented, this calculation proved to be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are excluded from basic earnings or loss per common share until escrow conditions have been removed.

3. PREPAID EXPENSES

	June 30, 2021	December 31, 2020
Corporate development fees	\$ 85,158	\$ 462,707
Director and officer liability insurance	14,548	2,110
Drilling deposit	10,000	-
Lodging for Destiny Project	33,267	-
Office security deposit	10,000	10,000
Other	1,845	-
	\$ 154,818	\$ 474,817

4. EQUIPMENT

	June 30, 2021			December 31, 2020	
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Camera equipment	20%	\$ 5,846	\$ 263	\$ 5,583	\$ -

5. EXPLORATION AND EVALUATION ASSETS

Destiny Project

On November 27, 2020, the Company entered into an Option Agreement (the "Destiny Agreement") with Big Ridge Gold Corp. ("Big Ridge") to acquire up to 100% of the Destiny Project (the "Option"). The project is located approximately 75 kilometres northeast of the city of Val d'Or in the prolific Abitibi Greenstone Belt.

Pursuant to the terms of the Destiny Agreement, the Company can earn a 100% interest in the Destiny Project by making the following payments to Big Ridge:

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Destiny Project (continued)

Payment Date	Cash Payment Amount	Shares Issuance Amount (\$'s)	Interest Earned in Destiny Project
Previously paid on execution of the Letter of Intent dated October 29, 2020	\$50,000 (paid in fiscal 2020)	-	-
Within 60 days of the execution of the Destiny Agreement	\$450,000 (paid on January 26, 2021)	\$1,000,000 (685,391 shares with a fair value of \$1,007,525 issued on January 26, 2021)	-
12 months from the date of the Destiny Agreement	\$750,000	\$1,000,000	-
24 months from the date of the Destiny Agreement	\$750,000	\$1,500,000	49% earned
36 months from the date of the Destiny Agreement	\$1,000,000	\$2,000,000	100% earned
Total	\$3,000,000	\$5,500,000	100% earned

The Company may accelerate the exercise of the Option by making the cash payments and issuances of common shares earlier than the timeframes contemplated above. The number of common shares to be issued to Big Ridge pursuant to the Option will be determined by dividing the dollar amount of the Company's common shares to be issued at any point in time by the five (5) day volume weighted average closing price of the common shares on the day before such issuance of such common shares, subject to the policies of the CSE.

Concurrently with the exercise of the Option, the Company has agreed to grant to Big Ridge a 1.0% net smelter return royalty (the "Royalty") with respect to production of all precious metals from the Destiny Project, with the Royalty to be payable by the Company following commencement of commercial production. The Company has the right to buy back the Royalty during the first three (3) years following the commencement of commercial production on payment by the Company to Big Ridge of \$1,000,000.

Exercise of the Option is subject to receipt of all applicable regulatory approvals and consents. The Company will be the operator responsible for carrying out all operations with respect to the Destiny Project during the term of the Destiny Agreement. If the Company acquires a 49% interest in the project and decides not to proceed with the acquisition of the further 51% interest in the project, then, for a period of 18 months following such time, Big Ridge will have the right to purchase back the 49% interest in the project for cash consideration of \$2,000,000.

The Company paid \$255,000 as a finders' fee (equal to 3% of the aggregate consideration) for the transaction which had been accrued in the year ended December 31, 2020.

On January 26, 2021, the Company paid \$450,000 to Big Ridge, and issued 685,391 common shares with a fair value of \$1,007,525 pursuant to the Destiny Agreement.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Destiny Project (continued)

Acquisition of surface rights over Destiny Project

On May 6, 2021, the Company purchased surface rights of two lots over a key portion of the Destiny Project.

The total purchase of \$250,000 for the two lots, at \$125,000 per lot involved a cash payment of \$25,000 (paid) per lot at closing, with the remaining balance of \$100,000 per lot payable in four equal consecutive installments of \$25,000 every quarter following the closing.

Empirical Project

The initial Empirical Project ("Empirical") consists of three unpatented mineral claims which are located in the Lillooet Mining Division of British Columbia, Canada. The Empirical claims were recorded with British Columbia's Mineral Titles Online as being owned by James Rogers, the Company's Director and CEO as bare trustee in favour of the Optionor, Longford Capital Corp., but have since been transferred to the Company.

On July 2, 2020, the Company paid \$7,013 to stake two unpatented mineral claims, which are adjacent and contiguous to the west and south of the Empirical Project.

On July 5, 2020, the Company acquired an additional unpatented mineral claim, which is adjacent and contiguous to the east of the Empirical Project. As consideration for the acquisition, the Company paid \$3,334 cash, and issued 416,667 common shares with a fair value of \$158,334 to an arm's length private company.

The Empirical Project now totals 6 unpatented mineral claims.

Pursuant to the terms of the Option Agreement (the "Agreement" or the "Option"), the Company can earn a 100% interest in the initial 3 unpatented Empirical claims by making the following payments to the Optionor:

Terms and Due Dates
Issue 2,000,000 common shares by October 22, 2019 (issued at a value of \$10,000)
Pay \$50,000 within 5 days of the common shares being approved for listing on a stock exchange (paid on June 29, 2020)
Incur a minimum of \$80,000 in exploration costs on Empirical by October 1, 2020 (incurred)
Incur a minimum of \$200,000 in exploration costs on Empirical by October 1, 2021
Grant a 2% net smelter royalty ("NSR") to the Option or upon exercise of the Agreement

The NSR is payable following commencement of commercial production. The Company has the right to reduce the NSR from 2% to 1% at any time prior to commencement of commercial production by paying \$1,500,000 to the Optionor.

In addition to the terms outlined above, the Agreement contains a 5 km area of influence provision pursuant to which any claims staked by the Company within 5 kilometres of the Empirical property boundary will automatically be included as part of the Agreement and subject to the 2% NSR.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Gretna Green Project

On July 5, 2020, the Company acquired the Gretna Green Project, which is comprised of one mineral claim located 24 kilometres southwest of Port Alberni, British Columbia. As consideration for the acquisition, the Company paid \$3,333 cash, and issued 416,666 common shares with a fair value of \$158,333 to an arm's length private company.

Tyber Project

On July 5, 2020, the Company acquired the Tyber Project which is comprised of one mineral claim located 1.4 kilometres south of Arrowsmith Lake, British Columbia. As consideration for the acquisition, the Company paid \$3,333 cash, and issued 416,667 common shares with a fair value of \$158,333 to an arm's length private company.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

The following table is a reconciliation of exploration and evaluation costs for the six month period ended June 30, 2021:

	Destiny Project	Empirical Project	Gretna Green Project	Tyber Project	Total expenditure s
Acquisition costs, December 31, 2020	\$ 305,000	\$ 228,681	\$ 161,666	\$ 161,666	\$ 857,013
Additions (Note 11)	1,507,525	-	-	-	1,507,525
Acquisition costs, June 30, 2021	1,812,525	228,681	161,666	161,666	2,364,538
Exploration and evaluation costs, December 31, 2020	\$ 43,845	\$ 103,453	\$ 8,367	\$ 5,883	\$ 161,548
<u>Additions:</u>					
Assays	82,068	-	-	-	82,068
Drilling	823,151	-	-	-	823,151
Engineering	26,348	-	-	-	26,348
Field expenditures	111,171	4,903	-	-	116,074
Geological	131,119	-	-	-	131,119
Geophysical	19,561	-	-	-	19,561
Licences and permits	36,904	-	-	-	36,904
Line cutting	37,199	-	-	-	37,199
Meals and lodging	38,019	-	-	-	38,019
Mobilization/demobilization	35,331	-	-	-	35,331
Sampling	76,133	-	-	-	76,133
Transportation	43,555	-	-	-	43,555
Total exploration and evaluation costs additions	1,460,559	4,903	-	-	1,465,462
Total exploration and evaluation costs, June 30, 2021	1,504,404	108,356	8,367	5,883	1,627,010
Total acquisition and exploration and evaluation costs, June 30, 2021	\$ 3,316,929	\$ 337,037	\$ 170,033	\$ 167,549	\$ 3,991,548

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5. EXPLORATION AND EVALUATION ASSETS (continued)

The following table is a reconciliation of exploration and evaluation costs for the year ended December 31, 2020:

	Destiny Project	Empirical Project	Gretna Green Project	Tyber Project	Total expenditures
Acquisition costs, December 31, 2019	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Additions	305,000	218,681	161,666	161,666	847,013
Acquisition costs, December 31, 2020	305,000	228,681	161,666	161,666	857,013
Exploration and evaluation costs, December 31, 2019	\$ -	\$ 80,449	\$ -	\$ -	\$ 80,449
<u>Additions:</u>					
Administration	-	500	-	-	500
Assays	-	233	219	299	751
Field expenditures	-	62	-	-	62
Geological,	23,450	2,584	3,333	1,833	31,200
Licences and permits	-	2,100	500	500	3,100
Mapping	16,025	5,700	2,500	2,500	26,725
Meals and lodging	3,684	1,395	1,277	281	6,637
Transportation	686	10,430	538	470	12,124
Total exploration and evaluation costs additions	43,845	23,004	8,367	5,883	81,099
Total exploration and evaluation costs, December 31, 2020	43,845	103,453	8,367	5,883	161,548
Total acquisition and exploration and evaluation costs, December 31, 2020	\$ 348,845	\$ 332,134	\$ 170,033	\$ 167,549	\$ 1,018,561

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
Accounts payable	\$ 707,744	\$ 588,246
Accrued liabilities	-	42,000
	\$ 707,744	\$ 630,246

7. SHARE CAPITAL

Authorized

The authorized share capital consists of an unlimited number of common and preferred shares without par value.

As at June 30, 2021, the total common shares outstanding are 28,142,592 (December 31, 2020 – 20,371,500).

Escrowed shares

The following is a reconciliation of common shares held in escrow:

	June 30, 2021	December 31, 2020
Shares held in escrow, opening balance	4,462,500	-
Shares placed into escrow upon commencement of trading on the CSE	-	5,950,000
10% of shares released from escrow upon commencement of trading on the CSE (1 st agreement)	-	(275,000)
25% of shares released on October 29, 2020 (2 nd agreement)	-	(800,000)
15% of shares released from escrow on 6 month anniversary (1 st agreement)	-	(412,500)
25% of shares released on February 28, 2021 (2 nd agreement)	(800,000)	-
15% of shares released from escrow on 12 month anniversary (1 st agreement)	(412,500)	-
25% of shares released on June 29, 2021 (2 nd agreement)	(800,000)	-
Shares held in escrow, ending balance	2,450,000	4,462,500

A May 5, 2020, escrow agreement provided that 10% (released) of 2,750,000 common shares held in escrow were to be released on commencement of trading on the CSE. An additional 15% (released) of the number of securities originally held thereunder shall be released on each of the 6 month (released), 12 month (released), 18 month, 24 month, 30 month, and 36 month anniversaries thereafter.

On May 5, 2020, a second escrow agreement provided that 3,200,000 common shares be held in escrow. On October 29, 2020, February 28, 2021, and June 29, 2021, a total of 2,400,000 shares were released from escrow. The remaining 800,000 (25%) of escrowed shares will be released on October 29, 2021.

These escrow shares may not be transferred, assigned or otherwise dealt without the consent of regulatory authorities.

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7. SHARE CAPITAL (continued)

Share issuances

Six month period ended June 30, 2021:

Completed private placements

On January 11, 2021, the Company completed the first tranche of a non-brokered private placement of 1,563,956 Units at a price of \$0.96 per Unit for gross proceeds of \$1,501,398. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one additional common share at a price of \$1.25 per share until January 11, 2022.

The Company paid \$6,240 in legal fees, cash finder's fees of \$56,447, and issued 58,694 agent options with a fair value of \$32,357, which were recorded as share issue costs. Each agent option is exercisable into one additional common share at a price of \$0.96 per share until January 11, 2022. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 1 year, and a risk-free rate of 0.18%.

On January 28, 2021, the Company completed the second tranche of a non-brokered private placement of 3,167,340 Units at a price of \$0.96 per Unit for gross proceeds of \$3,040,646. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one additional common share at a price of \$1.25 per common share until January 28, 2022.

The Company paid \$12,668 in legal fees, cash finder's fees of \$149,061, and issued 155,062 agent options with a fair value of \$124,026, which were recorded as share issue costs. Each agent option is exercisable into one additional common share at a price of \$0.96 per share until January 28, 2022. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 1 year, and a risk-free rate of 0.15%.

On March 5, 2021, the Company completed a non-brokered flow-through private placement of 2,054,405 common shares at \$1.85 per share for gross proceeds of \$3,800,649.

The Company paid \$3,296 in legal fees, cash finder's fees of \$266,045 and issued 143,808 agent options with a fair value of \$97,596 in connection with the private placement. Each agent option is exercisable at \$1.85 per share on a non-flow-through basis until March 5, 2023. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 2 years, and a risk-free rate of 0.30%.

Shares issued for Destiny Project

On January 26, 2021, the Company paid \$450,000 to Big Ridge Gold Corp. and issued 685,391 common shares with a fair value of \$1,007,525 pursuant to the Destiny Property Agreement.

Exercised warrants

During the six month period ended June 30, 2021, the Company received a total of \$105,000 from the exercise of 300,000 warrants exercisable at \$0.35 per share until July 31, 2022.

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7. SHARE CAPITAL (continued)

Share issuances (continued)

Six month period ended June 30, 2020:

On February 13, 2020, the Company completed a private placement of 400,000 common shares at \$0.10 per share for gross proceeds of \$40,000.

On June 25, 2020, the Company completed its Initial Public Offering (“IPO”) of 6,900,000 common shares at \$0.175 per share for gross proceeds of \$1,207,500.

Pursuant to an agency agreement, the Company paid a total of \$176,553 in share issue costs for the IPO. The share issue costs were comprised of a 9% agent’s commission totalling \$108,675, corporate finance fees of \$50,000, and \$17,878 for due diligence expenses. The Company also issued 621,000 non-transferable agent options with a fair value of \$56,721 which are exercisable at \$0.175 per share until June 25, 2022. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 2 years, and a risk-free rate of 0.30%.

Warrants

The following is a summary of the Company’s warrant activity:

	Number of warrants #	Weighted average exercise price \$
Balance, September 11, 2019 (incorporation) and December 31, 2019	-	-
Issued	1,079,000	0.35
Balance, December 31, 2020	1,079,000	0.35
Issued	2,365,648	1.25
Exercised	(300,000)	0.35
Balance, June 30, 2021	3,144,648	1.03

As of June 30, 2021, the Company had warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price \$	Number of warrants
July 31, 2022	0.35	779,000
January 11, 2022	1.25	781,978
January 28, 2022	1.25	1,583,670
		3,144,648

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7. **SHARE CAPITAL** (continued)

Agent options

The following is a summary of the Company's agent options activity:

	Number of agent options #	Weighted average exercise price \$
Balance, September 11, 2019 (incorporation) and December 31, 2019	-	-
Issued	700,310	0.19
Exercised	(13,500)	0.175
Balance, December 31, 2020	686,810	0.19
Issued	357,564	1.32
Balance, June 30, 2021	1,044,374	0.58

As of June 30, 2021, the Company had agent options outstanding, and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price \$	Number of agent options
June 25, 2022	0.175	607,500
July 31, 2022	0.30	79,310
January 11, 2022	0.96	58,694
January 28, 2022	0.96	155,062
March 5, 2023	1.85	143,808
		1,044,374

Options

The following is a summary of the Company's options activity:

	Number of options #	Weighted average exercise price \$
Balance, September 11, 2019 (incorporation) and December 31, 2019	-	-
Granted	1,100,000	1.11
Balance, December 31, 2020	1,100,000	1.11
Granted	550,000	1.48
Balance, June 30, 2021	1,650,000	1.23

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7. SHARE CAPITAL (continued)

As of June 30, 2021, the Company had options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price \$	Number of options outstanding	Number of options exercisable
July 31, 2023	1.00	100,000	33,334
August 21, 2023	1.06	100,000	100,000
September 11, 2023	1.06	500,000	500,000
December 2, 2023	1.21	400,000	400,000
March 15, 2023	1.48	550,000	550,000
		1,650,000	1,583,334

During the six month period ended June 30, 2021, the Company recognized a total of \$439,265 (2020 - \$Nil) in share-based compensation which was comprised of the following:

On March 15, 2021, the Company granted 550,000 share options to a member of the Company's Advisory Board, and two consultants. Each option is exercisable at \$1.48 per share until March 15, 2023. All of the options vested upon date of grant. The estimated fair value of the options was \$424,895, measured using the Black-Scholes Option Pricing Model with the following assumptions: share price \$1.48; exercise price - \$1.48; expected life - 2 years; volatility - 100%; dividend yield - \$0; and risk-free rate - 0.31%.

An additional \$14,370 of share-based compensation was recognized on vesting of options from the July 31, 2020 grant of 100,000 options.

8. LEASES

The Company has a two year lease agreement for the Company's head office in Vancouver, British Columbia. The discount rate used was 8%.

Set out below are the carrying amounts of the right of use asset and lease liability recognized and the movements during the six month period ended June 30, 2021:

	Right of use asset \$	Lease Liability \$
As at September 11, 2019 (incorporation) and December 31, 2019	-	-
Additions	50,933	50,933
Depreciation	(10,611)	-
Accretion	-	1,950
Payments	-	(11,775)
As at December 31, 2020	40,322	41,108
Depreciation	(12,733)	-
Accretion	-	2,267
Payments	-	(14,130)
As at June 30, 2021	27,589	29,245
Current	-	26,838
Non-current	-	2,407

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8. LEASES (continued)

The following table shows the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at June 30, 2021:

	\$
2021	28,522
2022	16,851
	<u>45,373</u>

9. FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. 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 credit risk is on its cash held in bank accounts. The Company's cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by the banks there is a concentration of credit risk. This risk is managed by using major banks that are high quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at June 30, 2021, the Company has cash of \$4,939,385 (December 31, 2020 - \$48,162) to settle \$707,744 (December 31, 2020 - \$630,246) in accounts payable and accrued liabilities that are due within 90 days of period-end.

Currency risk

The Company currently has minimal foreign exchange risk as it conducts the majority of its business within Canada in Canadian dollars.

Interest rate risk

The Company is not currently exposed to significant interest rate risk.

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9. FINANCIAL RISK MANAGEMENT (continued)

Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements and there were no changes in the Company's capital management during the period.

Fair value hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's financial instruments which includes cash, and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these financial instruments. Lease liability is classified as level 3.

10. RELATED PARTY TRANSACTIONS

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

Amounts due to related parties consist of charges accrued for accounting fees, consulting fees, corporate advisory fees, and capitalized exploration and evaluation costs. These amounts are due to a director and two companies controlled by two directors. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The following amounts due to related parties are included in account payables and accrued liabilities:

	June 30, 2021	December 31, 2020
A company controlled by a Director, and CEO of the Company	\$ 79,538	\$ 96,392
Due to Director and CEO	9,929	28,146
A company jointly controlled by a Director	22,363	19,568
A company controlled by the CFO of the Company	-	12,000
	\$ 111,830	\$ 156,106

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10. RELATED PARTY TRANSACTIONS (continued)

The Company has identified all directors/officers as its key management personnel. The following are the transactions with related parties during the six month periods ended June 30, 2021 and 2020, respectively:

	Six month period ended June 30, 2021	Six month period ended June 30, 2020
Consulting fees to a company controlled by a Director and CEO of the Company	\$ 30,000	\$ 30,000
Accounting fees to a company jointly controlled by a Director of the Company	15,300	12,500
Corporate advisory fees to a company jointly controlled by a Director of the Company	27,325	12,500
Consulting fees to a company controlled by the CFO of the Company	12,000	6,000
Capitalized acquisition costs for the Empirical property to a company controlled by a Director and CEO of the Company	-	50,000
Capitalized exploration and evaluation costs charged by a company controlled by a Director and CEO of the Company	203,641	-
	\$ 288,266	\$ 111,000

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The Company's significant non-cash transactions during the six month period ended June 30, 2021 were as follows:

On January 11, 2021, the Company issued 58,694 agent options with a fair value of \$32,357, which were recorded as share issue costs.

On January 26, 2021, the Company issued 685,391 common shares with a fair value of \$1,007,525 pursuant to the Destiny Agreement.

On January 28, 2021, the Company issued 155,062 agent options with a fair value of \$124,026, which were recorded as share issue costs.

On March 5, 2021, the Company issued 143,808 agent options with a fair value of \$97,596, which were recorded as share issue costs.

As at June 30, 2021, \$484,236 in exploration and evaluation costs were included in accounts payable and accrued liabilities.

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11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (continued)

The Company's significant non-cash transactions during the six month period ended June 30, 2020 were as follows:

On June 25, 2020, the Company transferred \$25,000 from deferred financing costs to corporate finance fees for the IPO, which is included in share issue costs.

On June 25, 2020, the Company issued 621,000 non-transferrable agent options with a fair value of \$56,721 as part of share issue costs for the completed IPO.

12. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at June 30, 2021, all the Company's assets were located in Canada.