CLARITY GOLD CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(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)

As At	**September 30, 2021**	**December 31, 2020 (Audited)**
ASSETS		
CURRENT ASSETS		
Cash	$ 3,345,831	$ 48,162
Receivables and prepaid expenses (Note 3)	197,195	602,593
	3,543,026	**650,755**
NON-CURRENT ASSETS		
Exploration advances	34,195	-
Exploration and evaluation assets (Note 4)	4,794,756	1,018,561
Right of use asset (Note 7)	7,084	40,322
TOTAL ASSETS	**8,379,061**	**1,709,638**
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5,9)	391,592	630,246
Lease liability (Note 7)	7,084	24,805
	398,676	**655,051**
NON-CURRENT LIABILITY		
Lease liability (Note 7)	-	16,303
TOTAL LIABILITIES	**398,676**	**671,354**
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	10,802,321	2,094,840
Reserves (Note 6)	1,531,349	835,710
Accumulated deficit	(4,353,285)	(1,892,266)
	7,980,385	**1,038,284**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 8,379,061**	**$ 1,709,638**

Approved on behalf of the Board of Directors on November 29, 2021:

"Andrew Male" Director — Andrew Male

"Rose Zanic" Director — Rose Zanic

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)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
EXPENSES				
Accretion (Note 7)	$ 837	$ -	$ 3,104	$ -
Consulting fees (Note 9)	109,583	157,076	311,080	208,076
Depreciation (Note 7)	6,103	-	19,100	-
Foreign exchange gain	834	-	793	-
Investor relations	-	259,863	204,765	259,863
Marketing	245,204	116,926	1,121,295	120,926
Office and administration	28,529	34,208	54,584	45,947
Professional fees (Note 9)	110,511	35,561	261,454	140,254
Registration and filing fees	2,086	6,388	12,877	35,445
Shareholder communications	28	10,273	19,951	18,224
Share-based compensation (Note 6)	2,395	429,705	441,660	429,705
Transfer agent	320	630	4,779	2,690
Travel and related	-	-	7,334	-
Loss from operations	(506,430)	(1,050,630)	(2,462,776)	(1,261,130)
Other expenses/income				
Interest income	1,705	-	1,757	-
Loss and comprehensive loss for the period	$ (504,725)	$ (1,050,630)	$ (2,461,019)	$ (1,261,130)
Basic and diluted loss per share	**$ (0.02)**	**$ (0.05)**	**$ (0.09)**	**$ (0.09)**
Weighted average number of common shares outstanding- basic and diluted	**28,142,592**	**19,573,076**	**27,097,203**	**13,309,208**

The accompanying notes are integral to these condensed interim financial statements

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

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	Total
Balance, December 31, 2019	9,650,000	$ 154,245	$ -	$ (40,049)	$ 114,196
Shares issued for cash	9,458,000	1,894,900	-	-	1,894,900
Shares issued for exercised agent options	13,500	2,363	-	-	2,363
Fair value reclassification pursuant to exercised agent options	-	1,233	(1,233)	-	-
Share issue costs	-	(186,553)	-	-	(186,553)
Shares issued for acquisition of exploration and evaluation assets	1,250,000	475,000	-	-	475,000
Share-based compensation	-	-	429,705	-	429,705
Fair market value of issued agent options	-	(114,393)	114,393	-	-
Net loss for the period	-	-		(1,261,130)	(1,261,130)
Balance, September 30, 2020	20,371,500	2,226,795	542,865	(1,301,179)	1,468,481
Share issue costs	-	(131,955)	-	-	(131,955)
Share-based compensation	-	-	292,845	-	292,845
Net loss for the period	-	-	-	(591,087)	(591,087)
Balance, December 31, 2020	20,371,500	2,094,840	835,710	(1,892,266)	1,038,284
Shares 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	-	-	441,660	-	441,660
Fair market value of issued agent options	-	(253,979)	253,979	-	-
Net loss for the period	-	-		(2,461,019)	(2,461,019)
Balance, September 30, 2021	28,142,592	$ 10,802,321	$ 1,531,349	$ (4,353,285)	$ 7,980,385

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)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (2,461,019)	$ (1,261,130)
Add items not affecting cash:		
Accretion	3,104	-
Depreciation	19,100	-
Share-based compensation	441,660	429,705
Gain on lease amendment	(1,690)	-
Non-cash working capital changes:		
Receivables and prepaid expenses	405,398	(171,548)
Accounts payable and accrued liabilities	(559,564)	17,270
Net cash used in operating activities	**(2,153,011)**	**(985,703)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability payments	(21,300)	-
Shares issued for cash	8,342,693	1,894,900
Shares issued for exercised warrants	105,000	2,363
Share issue costs	(493,758)	(186,553)
Net cash provided by financing activities	**7,932,635**	**1,710,710**
CASH FLOWS FROM INVESTING ACTIVITY		
Exploration advances	(34,195)	-
Exploration and evaluation costs	(2,447,760)	(80,295)
Net cash used in investing activities	**(2,481,955)**	**(80,295)**
Increase in cash during the period	**3,297,669**	**644,712**
Cash, beginning of the period	**48,162**	**145,451**
Cash, end of the period	$ **3,345,831**	$ **790,163**

Note 10 – Supplemental disclosures with respect to cash flows.

The accompanying notes are integral to these condensed interim financial statements

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 Suite 1680, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

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.

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.

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

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.

Impairment of Exploration and Evaluation assets (continued)

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 September 30, 2021.

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.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

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

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

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 estimates 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.

3. RECEIVABLES AND PREPAID EXPENSES

		September 30, 2021		**December 31, 2020**
GST receivable	$	109,666	$	127,776
Prepaid expenses		70,881		464,817
Other		16,648		10,000
	$	197,195	$	602,593

4. EXPLORATION AND EVALUATION ASSETS

<u>*Destiny Project*</u>

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:

Payment Date	Cash Payment Amount	Shares Issuance Amount ($'s)	Interest Earned in Destiny Project
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 issued on January 26, 2021)	-
12 months from the closing date of the Destiny Agreement	$750,000	$1,000,000	-
24 months from the closing date of the Destiny Agreement	$750,000	$1,500,000	49% earned
36 months from the closing date of the Destiny Agreement	$1,000,000	$2,000,000	100% earned
Total	**$3,000,000**	**$5,500,000**	**100% earned**

4. EXPLORATION AND EVALUATION ASSETS (continued)

Destiny Project (continued)

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 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 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 an arm's length 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.

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 Company agreed to pay $125,000 per lot for total consideration of $250,000. The Company made an initial payment of $25,000 per lot at closing, $25,000 per lot on August 12, 2021, with the remaining balance of $75,000 per lot payable in four equal installments of $25,000 every three months.

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.

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.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Empirical Project (continued)

Pursuant to the terms of the Option Agreement dated October 16, 2019 (the "Agreement"), the Company can earn a 100% interest in the initial 3 unpatented Empirical claims by making the following payments to Longford Capital Corp. (the "Optionor"), a company controlled by the CEO (Note 9):

- 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 (incurred)

The Optionor retains a 2% net smelter royalty ("NSR") 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.

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.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Certain exploration and evaluation costs were paid to a related party (Note 9). The following table is a reconciliation of exploration and evaluation costs for the nine-month period ended September 30, 2021:

	Destiny Project	Empirical Project	Gretna Green Project	Tyber Project	Total
Acquisition costs, December 31, 2020	$ 305,000	$ 228,681	$ 161,666	$ 161,666	$ 857,013
Additions (Note 9)	1,557,525	-	-	-	1,557,525
Acquisition costs, September 30, 2021	1,862,525	228,681	161,666	161,666	2,414,538
Exploration and evaluation costs, December 31, 2020	43,845	103,453	8,367	5,883	161,548
Additions:					
Administration	2,468	21,995	-	-	24,463
Assays	82,068	18,968	-	-	101,036
Drilling	1,192,988	-	-	-	1,192,988
Engineering	26,348	-	-	-	26,348
Field expenditures	145,508	31,753	-	-	177,261
Geological	199,255	45,500	-	-	244,755
Geophysical	19,561	-	-	-	19,561
Licences and permits	42,904	-	-	-	42,904
Line cutting	37,199	-	-	-	37,199
Meals and lodging	50,042	18,000	-	-	68,042
Mobilization/demobilization	35,331	-	-	-	35,331
Sampling	161,256	-	-	-	161,256
Transportation	45,209	42,317	-	-	87,526
Total additions	2,040,137	178,533	-	-	2,218,670
Total exploration and evaluation costs, September 30, 2021	2,083,982	281,986	8,367	5,883	2,380,218
Total acquisition and exploration and evaluation costs, September 30, 2021	$ 3,946,507	$ 510,667	$ 170,033	$ 167,549	$ 4,794,756

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. 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
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
Additions:					
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 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

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	December 31, 2020
Accounts payable (Note 9)	$ 391,592	$ 588,246
Accrued liabilities	-	42,000
	$ 391,592	$ 630,246

6. SHARE CAPITAL

Authorized

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

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

Escrowed shares

As at September 30, 2021 the Company had 2,450,000 shares in escrow, of which:

- 412,500 will be released on the 18 month, 24 month, 30 month and 36 month anniversary from the commencement of trading on the CSE.
- 800,000 will be released on October 29, 2021.

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

Share issuances

Nine- month period ended September 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 ("Units") 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 share purchase warrant is exercisable into one additional common share at a price of $1.25 per common 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 common 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 share purchase 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%.

6. SHARE CAPITAL (continued)

Share issuances (continued)

- On March 5, 2021, the Company completed a non-brokered flow-through private placement of 2,054,405 common shares at $1.85 per common 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 common 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 nine- month period ended September 30, 2021, the Company issued 300,000 common shares pursuant to the exercise of 300,000 warrants exercisable at $0.35 per common share, for total proceeds of $105,000.

Year ended December 31, 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. The Company paid $1,920 legal fees which was recorded as share issue costs.

- On June 25, 2020, the Company completed its Initial Public Offering ("IPO") of 6,900,000 common shares at $0.175 per common share for gross proceeds of $1,207,500. The Company paid a total of $293,421 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, legal fees of $116,868, and $17,878 for due diligence expenses.

  The Company issued 621,000 non-transferable agent options with a fair value of $56,721 which were recorded as share issue costs. Each agent option is exercisable into one common share at $0.175 per common 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%.

- On July 6, 2020, the Company acquired the Tyber Project and Gretna Green Project on Vancouver Island, British Columbia, Canada. The Company also acquired an additional mineral claim adjacent, and contiguous to the east of the Empirical Project. The Company paid $10,000 and issued 1,250,000 common shares with a fair market value of $475,000 to acquire all three of these exploration and evaluation assets.

- On July 31, 2020, the Company completed a non-brokered private placement consisting of 2,158,000 units at a price of $0.30 per unit for gross proceeds of $647,400. Each unit was comprised of one common share in the capital of the Company and one half of one share purchase warrant. One full share purchase warrant is exercisable into one common share at a price of $0.35 per share until July 31, 2022.

  The Company paid $15,087 in legal fees, a $10,000 finder's fee, and issued 79,310 agent options with a fair value of $57,672, which were all recorded as share issue costs. Each agent option is exercisable into one common share at a price of $0.30 per common share until July 31, 2022.

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6. SHARE CAPITAL (continued)

Share issuances (continued)

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 0.26%.

- On September 29, 2020, the Company issued 13,500 common shares pursuant to the exercise of agent options for proceeds of $2,363. The Company reclassified $1,233 from reserves to share capital upon the exercise of the agent options.

Warrants

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

	Number of warrants	Weighted average exercise price $
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, September 30, 2021	**3,144,648**	**1.03**

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

Expiry date	Exercise Price $	Remaining life (years)	Number of warrants
July 31, 2022	0.35	1.17	779,000
January 11, 2022	1.25	0.72	781,978
January 28, 2022	1.25	0.67	1,583,670
		0.81	**3,144,648**

Agent options

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

	Number of agent options	Weighted average exercise price $
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, September 30, 2021	**1,044,374**	**0.58**

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

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6. SHARE CAPITAL (continued)

Agent options (continued)

Expiry date	Exercise Price $	Remaining life (years)	Number of agent options
June 25, 2022	0.175	0.73	607,500
July 31, 2022	0.30	0.83	79,310
January 11, 2022	0.96	0.28	58,694
January 28, 2022	0.96	0.33	155,062
March 5, 2023	1.85	1.43	143,808
		0.75	**1,044,374**

Options

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

	Number of options	Weighted average exercise price $
December 31, 2019	**-**	**-**
Granted	1,100,000	1.11
Balance, December 31, 2020	**1,100,000**	**1.11**
Granted	550,000	1.48
Balance, September 30, 2021	**1,650,000**	**1.23**

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

Expiry date	Exercise Price $	Remaining life (years)	Number of options outstanding	Number of options exercisable
July 31, 2023	1.00	1.83	100,000	66,668
August 21, 2023	1.06	1.89	100,000	100,000
September 11, 2023	1.06	1.95	500,000	500,000
December 2, 2023	1.21	2.17	400,000	400,000
March 15, 2023	1.48	1.45	550,000	550,000
		1.83	**1,650,000**	**1,616,668**

During the nine-month period ended September 30, 2021, the Company recognized a total of $441,660 (2020 - $429,705) 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.

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7. 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%. During the period ended September 30, 2021, the Company amended the lease agreement such that the lease will terminate on December 31, 2021.

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

	Right of use asset $	Lease Liability $
As at 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	(19,100)	-
Lease amendment	(14,138)	(15,828)
Accretion	-	3,105
Payments	-	(21,300)
As at September 30, 2021	7,084	7,084
Current		7,084
Non-current		-

8. 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 September 30, 2021, the Company has cash of $3,345,831 (December 31, 2020 - $48,162) to settle $391,592 (December 31, 2020 - $630,246) in accounts payable and accrued liabilities that are due within 90 days of period-end.

8. FINANCIAL RISK MANAGEMENT (continued)

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.

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.

9. 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.

As at September 30, 2021, $163,459 (December 31, 2020 - $156,106 was included in accounts payable and accrued liabilities owing to directors, officers, and companies controlled or affiliated with directors and officers of the Company. 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 Company has identified all directors and officers as its key management personnel. The following are the transactions with related parties during the nine- month periods ended September 30, 2021 and 2020, respectively:

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9. RELATED PARTY TRANSACTIONS (continued)

		Nine-month period ended September 30, 2021		**Nine-month period ended September 30, 2020**
Consulting fees to a company controlled by a Director and CEO of the Company	$	90,000	$	60,000
Accounting fees to a company jointly controlled by a Director of the Company		22,925		22,500
Corporate advisory fees to a company jointly controlled by a Director of the Company		36,263		22,500
Consulting fees to a company controlled by the CFO of the Company		18,000		12,000
Capitalized acquisition costs for the Empirical Project 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		675,883		-
	$	843,071	$	167,000

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The Company’s significant non-cash transactions during the nine- month period ended September 30, 2021 were as follows:

a) 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.

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

c) 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.

d) 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 September 30, 2021, $320,910 in exploration and evaluation costs were included in accounts payable and accrued liabilities.

The Company’s significant non-cash transactions during the nine-month period ended September 30, 2020 were as follows:

a) 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.

b) 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.

11. SEGMENTED INFORMATION

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

12. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2021, the Company's Board of Directors approved filing an application with CSE for the implementation of a normal course issuer bid to purchase up to 1.4 million common shares of the Company on the open market.