

# **Snowy Owl Gold Corp.**

**Condensed Interim Financial Statements  
For the Three Months Ended August 31, 2021 and 2020  
(Unaudited)**

# Snowy Owl Gold Corp.

## Condensed Interim Statements of Financial Position

(Stated in Canadian Dollars)

(Unaudited)

	Notes	August 31, 2021	May 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 452,974	\$ 472,653
GST receivable		13,422	9,073
Prepaid expenses		1,380	44,850
<b>Total current assets</b>		<b>467,776</b>	<b>526,576</b>
<b>Exploration and evaluation assets</b>	<b>3</b>	<b>801,515</b>	<b>744,450</b>
<b>TOTAL ASSETS</b>		<b>\$ 1,269,291</b>	<b>\$ 1,271,026</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		\$ 63,933	\$ 74,727
<b>Shareholders' equity</b>			
Common shares	<b>4</b>	1,516,773	1,461,793
Share-based payments reserve	<b>5</b>	208,420	97,300
Deficit		(519,835)	(362,794)
<b>Total equity</b>		<b>1,205,358</b>	<b>1,196,299</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 1,269,291</b>	<b>\$ 1,271,026</b>
<b>Nature and continuance of operations</b>	<b>1</b>		
<b>Subsequent event</b>	<b>8</b>		

Approved on behalf of the Board of Directors:

"David Patterson"

David Patterson, Director

"Raymond Wladichuk"

Raymond Wladichuk, Director

## Snowy Owl Gold Corp.

### Condensed Interim Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

(Unaudited)

	Notes	Three months ended August 31,	
		2021	2020
<b>Expenses</b>			
Filing and listing fees		\$ 1,500	\$ -
General and administrative		9,783	28
Management fees	6	8,000	-
Pre-exploration costs		2,969	-
Professional fees		1,117	48,186
Promotion and marketing		13,816	-
Share-based payments	5	116,100	24,900
Travel		3,756	-
<b>Loss and comprehensive loss for the period</b>		<b>\$ (157,041)</b>	<b>\$ (73,114)</b>
<b>Weighted average number of common shares outstanding</b>			
Basic	4	32,030,783	16,351,043
Diluted		32,030,783	16,351,043
<b>Basic and diluted loss per common share</b>		<b>4 \$ -</b>	<b>\$ -</b>

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

## Snowy Owl Gold Corp.

### Condensed Interim Statements of Changes in Shareholders' Equity

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Special Warrants	Share Subscriptions Received	Share-based Payments Reserve	Deficit	Total
	Number	Amount					
<b>Balance at May 31, 2021</b>	31,821,000	\$ 1,461,793	\$ -	\$ -	\$ 97,300	\$ (362,794)	\$ 1,196,299
Common shares issued for cash:							
Exercise of stock options	200,000	24,980	-	-	(4,980)	-	20,000
Exercise of warrants	300,000	30,000	-	-	-	-	30,000
Share-based payments	-	-	-	-	116,100	-	116,100
Loss for the period	-	-	-	-	-	(157,041)	(157,041)
<b>Balance at August 31, 2021</b>	32,321,000	\$ 1,516,773	\$ -	\$ -	\$ 208,420	\$ (519,835)	\$ 1,205,358
	Common Shares		Special Warrants	Share Subscriptions Received	Share-based Payments Reserve	Deficit	Total
	Number	Amount					
<b>Balance at May 31, 2020</b>	8,500,000	\$ 375,000	\$ 30,373	\$ 50,000	\$ -	\$ (53,454)	\$ 401,919
Common shares issued for cash:							
Private placements	10,250,000	512,500	-	(50,000)	-	-	462,500
Share issue costs on private placements	372,000	(52,598)	-	-	4,400	-	(48,198)
Share-based payments	-	-	-	-	24,900	-	24,900
Loss for the period	-	-	-	-	-	(73,114)	(73,114)
<b>Balance at August 31, 2020</b>	19,122,000	\$ 834,902	\$ 30,373	\$ -	\$ 29,300	\$ (126,568)	\$ 768,007

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

**Snowy Owl Gold Corp.**  
**Condensed Interim Statements of Cash Flows**  
(Stated in Canadian Dollars)  
(Unaudited)

	Three months ended August 31,	
	2021	2020
<b>Operating activities</b>		
Loss for the period	\$ (157,041)	\$ (73,114)
Item not involving cash:		
Share-based payments	116,100	24,900
Changes in non-cash working capital item:		
GST receivable	(4,349)	-
Prepaid expenses	43,470	-
Trade and other payables	(46,636)	50,334
<b>Net cash (used in) provided by operating activities</b>	<b>(48,456)</b>	<b>2,120</b>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(21,223)	(40,000)
<b>Net cash used in investing activities</b>	<b>(21,223)</b>	<b>(40,000)</b>
<b>Financing activities</b>		
Proceeds from issuance of common shares, net of issue costs	50,000	414,302
<b>Net cash provided by financing activities</b>	<b>50,000</b>	<b>414,302</b>
<b>Change in cash during the period</b>	<b>(19,679)</b>	<b>376,422</b>
<b>Cash, beginning of period</b>	<b>472,653</b>	<b>119,551</b>
<b>Cash, end of period</b>	<b>\$ 452,974</b>	<b>\$ 495,973</b>
<b>Supplemental Cash Flow Information</b>		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -
<b>Non-cash Financing and Investing Activities</b>		
Trade and other payables included in exploration and evaluation assets	\$ 35,842	\$ 49,000

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

# Snowy Owl Gold Corp.

## Notes to the Condensed Interim Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited)

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### 1. Nature and Continuance of Operations

Snowy Owl Gold Corp. (the "Company") was incorporated on November 9, 2018 pursuant to the Business Corporations Act (British Columbia). On January 8, 2021, a Prospectus filed by the Company was given final receipt by the British Columbia Securities Commission. On January 18, 2021, the Company's common shares began trading on the CSE under the symbol 'SNOW'.

These condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at August 31, 2021, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time.

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

As at August 31, 2021, the Company had not yet achieved profitable operations, has accumulated losses of \$519,835 since inception, and expects to incur further losses in the development of its business. These factors indicate a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and upon successful results from its mineral property exploration activities. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

The office of the Company is located at 1100 – 1111 Melville Street, Vancouver, BC, V6E 3V6.

**Snowy Owl Gold Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**August 31, 2021 and 2020**  
(Stated in Canadian Dollars)  
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**2. Basis of Preparation**

a) Statement of compliance

These condensed interim financial statements, including comparatives, are unaudited and have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

b) Basis of presentation

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's financial statements for the year ended May 31, 2021.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published and effective at the time of preparation.

These condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

c) Recent accounting pronouncements and changes to accounting policies

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

d) Approval of the condensed interim financial statements

The condensed interim financial statements of the Company for the three months ended August 31, 2021 were reviewed, approved and authorized for issue by the board of directors on October 7, 2021.

**3. Exploration and Evaluation Assets**

Golden Eagle Project

On April 17, 2020, the Company purchased 161 mineral claims covering an estimated 8,887 hectares located in southwestern Quebec, Canada.

The Company purchased these claims for consideration of 6,500,000 common shares of the Company. The Company valued the common shares at \$0.05 per share and capitalized \$325,000 to exploration and evaluation assets during the year ended May 31, 2020.

# Snowy Owl Gold Corp.

## Notes to the Condensed Interim Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

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### 3. Exploration and Evaluation Assets (cont'd)

#### Panache Gold Project

On March 19, 2021, the Company entered into an agreement to purchase 12 mineral claims comprising the Panache Gold Project, Quebec. The Company will pay \$25,000 in cash and issued 4,000,000 common shares at a price of \$0.06 per share. The Panache Gold Project is subject to a 2% Net Smelter Returns royalty, which may be reduced to 1% at any time through the payment of \$1,000,000.

The Company has incurred the following expenditures during the year ended May 31, 2021 and three months ended August 31, 2021:

	Golden Eagle	Panache	Total
Balance at May 31, 2020	\$ 325,000	\$ -	\$ 325,000
Acquisition costs	-	265,000	265,000
Geology, compliance and reporting	48,559	9,953	58,512
Geophysics	95,938	-	95,938
Balance at May 31, 2021	469,497	274,953	744,450
Geology, compliance and reporting	37,373	11,598	48,971
Geochemistry	1,388	1,539	2,927
Transportation and lodging	3,885	1,282	5,167
Balance at August 31, 2021	\$ 512,143	\$ 289,372	\$ 801,515

### 4. Shareholders' Equity

a) Authorized:

An unlimited number of common shares with no par value.

An unlimited number of preferred shares with no par value.

b) The changes in warrants issued and outstanding during the three months ended August 31, 2021 are as follows:

	Three months ended August 31, 2021	
	Number of warrants	Weighted- average exercise price
Balance, beginning of period	7,028,000	\$ 0.10
Issued	2,000,000	\$ 0.13
Exercised	(300,000)	\$ 0.10
Balance, end of period	8,728,000	\$ 0.11



## Snowy Owl Gold Corp.

### Notes to the Condensed Interim Financial Statements

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#### 4. Shareholders' Equity (cont'd)

Warrants exercisable and outstanding as at August 31, 2021 are as follows:

<u>Expiry Date</u>	<u>Number of Warrants</u>	<u>Exercise Price</u>
June 25, 2022	3,814,000	\$0.10
December 15, 2022	2,914,000	\$0.10
July 14, 2022	1,000,000	\$0.135
July 26, 2022	1,000,000	\$0.12
	<u>8,728,000</u>	

c) Loss per share:

Basic and diluted loss per share

	<u>Three months ended August 31,</u>	
	<u>2021</u>	<u>2020</u>
Numerator:		
Net loss	\$ (157,041)	\$ (73,114)
Denominator:		
Weighted average number of common shares (basic)	32,030,783	16,351,043
Dilutive effect of stock options	-	-
Dilutive effect of warrants	-	-
Weighted average number of common shares (diluted)	<u>32,030,783</u>	<u>16,351,043</u>
Basic and diluted income (loss) per common share	<u>\$ -</u>	<u>\$ -</u>

#### 5. Share-based Payments

a) Stock options:

On June 4, 2020, the Company adopted an option plan in accordance with the rules and policies of the CSE. The terms of any award are determined by the Board, provided that no options may be granted with an exercise price lower than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of the grant of the stock options, and (b) the date of grant of the stock options; and the term may not exceed 10 years. The aggregate number of securities available for issuance under the plan may not exceed 10% of the number of common shares of the Company issued and outstanding from time to time.

On July 14, 2021, the Company granted 500,000 stock options to a Director and a consultant, each option is exercisable to acquire a common share at an exercise price of \$0.135 expiring July 14, 2026. The stock options vested immediately upon grant. The Company recognized \$43,000 for share-based payments.

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**5. Share-based Payments (cont'd)**

The fair value of the 500,000 stock options was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.93%, a dividend yield of nil, an expected annual volatility of the Company's share price of 80% and an expected life of 5 years. The fair value of the stock options was \$0.09 per option. The expected volatility assumption is based on the estimated volatility of early stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the warrants' expected life.

The changes in stock options issued and outstanding during the three months ended August 31, 2021 are as follows:

	Three months ended August 31, 2021	
	Number of options	Weighted- average exercise price
Balance, beginning of period	2,600,000	\$ 0.08
Granted	500,000	\$ 0.135
Exercised	(200,000)	\$ 0.10
<b>Balance, end of period</b>	<b>2,900,000</b>	<b>\$ 0.08</b>

Warrants exercisable and outstanding as at August 31, 2021 are as follows:

Expiry Date	Number of Options	Exercise Price
June 4, 2025	800,000	\$0.10
March 22, 2026	1,600,000	\$0.06
July 14, 2022	500,000	\$0.135
	<b>2,900,000</b>	

b) Compensation warrants:

On July 14, 2021, the Company issued 1,000,000 compensation warrants to a consultant. Each warrant is exercisable to acquire a common share at an exercise price of \$0.135 expiring July 14, 2022. The Company recognized \$42,100 for share-based payments.

On July 26, 2021, the Company issued 1,000,000 compensation warrants to a consultant. Each warrant is exercisable to acquire a common share at an exercise price of \$0.12 expiring July 26, 2022. The Company recognized \$31,000 for share-based payments.

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**5. Share-based Payments (cont'd)**

The fair value of the 2,000,000 compensation warrants was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 0.25%, a dividend yield of nil, an expected annual volatility of the Company's share price of 80% and an expected life of 1 year. The fair value of the compensation warrants was \$0.04 per warrant. The expected volatility assumption is based on the estimated volatility of early stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the warrants' expected life.

**6. Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

The following is a summary of the related party transactions that occurred during the three months ended August 31, 2021 and 2020:

a) Compensation of key management personnel

The Company has determined that key management personnel consist of its Directors, the CEO and CFO.

The Company paid its CEO \$5,000 (2020 - \$nil) and its CFO \$3,000 (2020 - \$nil) for management fees.

The Company granted 200,000 stock options to a Director with an exercise price of \$0.135 expiring July 14, 2026. The stock options vested immediately upon grant.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits.

**7. Financial Instruments – Fair Value**

Fair value estimates are made at the condensed interim statement of financial position date, based on relevant market information and other information about financial instruments. As at August 31, 2021, the Company's financial instruments are cash and trade and other payables. The amounts reflected in the condensed interim statements of financial position are carrying amounts and approximate their fair values due to their short-term nature.

**8. Subsequent Event**

On October 7, 2021, the Company announced that it has entered into an agreement with Val-d'Or Mining Corporation ("Val-d'Or") for the purchase of the Val d'Or's Riviere Lois Prospect. The Riviere Lois Prospect is located in northwestern Québec between the villages of Taschereau and Poularies. The transaction is subject to the approval of the CSE.

## **Snowy Owl Gold Corp.**

### **Notes to the Condensed Interim Financial Statements**

**August 31, 2021 and 2020**

(Stated in Canadian Dollars)

(Unaudited)

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#### **8. Subsequent Event (cont'd)**

In consideration for a 100% interest in the Riviere Lois Prospect, the Company will issue 3,200,000 common shares to Val-d'Or (of which Golden Valley Mines & Royalties will receive 640,000 common shares). Val-d'Or will be granted a royalty of 2.5% of the net smelter returns from the property, which is vended under the agreement, whereby 1% of the net smelter return maybe purchased by the Company for \$500,000. In addition, Val-d'Or will receive \$80,000 in cash and will complete a geophysical exploration program, which is currently underway on the Riviere Lois Prospect.

A Director of the Company is also an officer of Val-d'Or.