

**CIRRUS GOLD CORP.**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

(Unaudited)

(Expressed in Canadian Dollars)

## **NOTICE TO READER**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of 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 condensed interim financial statements of the Company for the quarter ended June 30, 2021 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim 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.

**CIRRUS GOLD CORP.**  
**INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited)  
(Expressed in Canadian Dollars)

	June 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 80,446	\$ 176,256
Deferred financing costs	38,186	-
Accounts receivable	<u>3,457</u>	<u>-</u>
	122,089	176,256
<b>Exploration and evaluation assets (Note 3)</b>	<u>146,601</u>	<u>114,101</u>
	<u>\$ 268,690</u>	<u>\$ 290,357</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 49,299	\$ 51,867
<b>Non-current</b>		
Deferred income taxes	<u>-</u>	<u>5,088</u>
	<u>49,299</u>	<u>56,955</u>
<b>Shareholders' equity</b>		
Share capital (Note 5)	282,850	275,350
Contributed surplus (Note 4, 5)	62,020	30,000
Deficit	<u>(125,479)</u>	<u>(71,948)</u>
	<u>219,391</u>	<u>233,402</u>
	<u>\$ 268,690</u>	<u>\$ 290,357</u>

**Nature of operations and going concern (Note 1)**  
**Subsequent events (Note 9)**

**On behalf of the Board**  
**on August 23, 2021**

\_\_\_\_\_  
*"James Walchuck"* Director      \_\_\_\_\_  
*"Stuart Ross"* Director

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

**CIRRUS GOLD CORP.****INTERIM CONDENSED STATEMENTS OF STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
<b>EXPENSES</b>				
Consulting fees	\$ 7,500	\$ -	\$ 15,000	\$ 2,284
Office	97	49	200	405
Professional fees	3,299	-	3,399	-
Rent	1,500	-	3,000	431
Share-based payments (Note 4,5)	-	-	32,020	30,000
Regulatory and transfer agent	5,000	-	5,000	-
	(17,396)	(49)	(58,619)	(33,120)
Deferred income tax recovered	-	-	5,088	-
<b>Loss and comprehensive loss for the period</b>	(17,396)	(49)	(53,531)	(33,120)
<b>Loss per common share</b>				
-Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>				
-Basic and diluted	10,775,000	2,150,000	10,741,022	2,140,020

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

**CIRRUS GOLD CORP.**  
**INTERIM CONDENSED STATEMENTS OF CASH FLOW**  
(Unaudited)  
(Expressed in Canadian Dollars)

	Six Months Ended June 30, 2021	Period from February 5, 2020 to June 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (53,531)	\$ (33,121)
Items not involving cash:		
Share-based compensation	32,020	30,000
Deferred income tax recovery	(5,088)	-
Changes in non-cash working capital items:		
Increase in accounts receivable	(3,457)	-
Increase in deferred finance cost	(38,187)	-
Increase (Decrease) in accounts payable and accrued liabilities	23,270	9,950
Net cash used in operating activities	<u>(44,973)</u>	<u>6,829</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Exploration and evaluation assets	<u>(50,837)</u>	<u>(24,999)</u>
Net cash used in investing activity	<u>(50,837)</u>	<u>(24,999)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issuance of shares, net of issue costs	-	49
Share subscriptions received in advance	<u>-</u>	<u>30,000</u>
Net cash provided by financing activity	<u>-</u>	<u>30,049</u>
<b>Net change in cash during the period</b>	<b>(95,810)</b>	<b>11,879</b>
<b>Cash, beginning of the period</b>	<u>176,256</u>	<u>-</u>
<b>Cash, end of the period</b>	<u>\$ 80,446</u>	<u>\$ 11,879</u>

Supplemental disclosure with respect to cash flows (Note 6)

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

**CIRRUS GOLD CORP.**

## INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

PERIODS ENDED JUNE 30, 2020 AND 2021

(Unaudited)

(Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus	Shares Subscribed	Deficit	Total
	Number of shares	Amount				
Incorporation February 5, 2020	-	\$ -	\$ -	\$ -	\$ -	-
Shares issued for cash	2,000,000	10,000	-	-	-	10,000
Shares issued pursuant to option agreement	150,000	3,000	-	-	-	3,000
Shares subscribed	-	-	-	10,000	-	10,000
Share-based compensation	-	-	30,000	-	-	30,000
Loss for the period	-	-	-	-	(43,022)	(43,022)
Balance, June 30, 2020	2,150,000	\$ 13,000	\$ 30,000	\$ 10,000	\$ (43,022)	\$ 9,978
Shares issued for cash	8,475,000	280,500	-	-	-	280,500
Share issue cost	-	(18,150)	-	-	-	(18,150)
Shares subscribed	-	-	-	(10,000)	-	(10,000)
Loss for the period	-	-	-	-	(28,926)	(28,926)
Balance, December 31, 2020	10,625,000	\$ 275,350	\$ 30,000	\$ -	\$ (71,948)	\$ 233,402
Shares issued pursuant to option agreement (Note 3)	150,000	7,500	-	-	-	7,500
Share-based compensation (Notes 4, 5)	-	-	32,020	-	-	32,020
Loss for the period	-	-	-	-	(53,531)	(53,531)
Balance, June 30, 2021	10,775,000	\$ 282,850	\$ 62,020	\$ -	\$ (125,479)	\$ 219,391

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Cirrus Gold Corp. (the “Company”) was incorporated on February 5, 2020 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 2710 – 200 Granville Street Vancouver, British Columbia, Canada. To date, the Company has not earned operating revenue.

The Company is in the process of acquiring and exploring exploration and evaluation assets and has not yet determined whether such properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

As at June 30, 2021, the Company has generated negative cash flows from operating activities and has an accumulated deficit of \$125,479. The Company expects to incur further losses in the development of its operations. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or generating sufficient revenues to cover its operating costs. These factors indicate the existence of material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company’s operations and access to capital. There can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity and thereby severely limit the financing capital available to the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of condensed interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the six-month period ended June 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting and are presented in Canadian dollars.

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd...)

**Future changes in accounting policy**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the six months ended June 30, 2021 and have not been applied in preparing the financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. **EXPLORATION AND EVALUATION ASSETS**

	Chuchi South
Balance December 31, 2020	\$ 114,101
Acquisition costs:	
Cash	25,000
Shares	7,500
	32,500
<b>Balance June 30, 2021</b>	<b>\$ 146,601</b>

**Chuchi South Project**

Pursuant to an option agreement dated February 10, 2020 the Company was granted an option to acquire a 100% undivided interest in the Chuchi South Project (the "Property") in the Ominica Mining Division, British Columbia. To exercise the option the Company must pay \$510,000 in cash, incur \$350,000 in exploration expenditures, reimburse the Optionor for \$20,000 in previous property expenditures (paid) and issue 1,500,000 common shares over a 5-year period as follows:

	Option Payments	Exploration Expenditures	Common Shares
Within five calendar days of the Effective date, February 13, 2020 (paid)	\$ 5,000	\$ -	-
On or before March 15, 2020 (issued)	-	-	150,000
On or before February 13, 2021 (paid, incurred and issued)	25,000	100,000	150,000
On or before February 13, 2022	30,000	100,000	200,000
On or before February 13, 2023	50,000	150,000	1,000,000
On or before February 13, 2024	50,000	-	-
On or before February 13, 2025	350,000	-	-
<b>Total</b>	<b>\$ 510,000</b>	<b>\$ 350,000</b>	<b>1,500,000</b>

Pursuant to the Option Agreement the optionor will receive a 2.0% Net Smelter Return ("NSR") royalty and the Company has the right at any time to purchase the NSR for \$1,500,000.

On the February 13, 2028 and each subsequent anniversary of the Effective Date, until Commercial Production begins, the Company will pay the optionor an advance royalty payment of \$25,000, where the cumulative advance royalty payments paid will be credited towards any future NSR payments due.

The Company will pay to the optionor \$1,500,000 upon completion of a feasibility study resulting in a positive decision to commence commercial production on the Property.



#### 4. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The Company incurred share-based compensation of \$27,217 with key management personnel during the period ended June 30, 2021 (June 30, 2020 - \$30,000).

#### 5. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value

During the period ended June 30, 2021, the Company had the following share capital transactions:

- (1) On February 10, 2021, the Company issued 150,000 common shares for the acquisition of exploration and evaluation assets at a value of \$7,500.

During the year ended December 31, 2020, the Company had the following share capital transactions:

- (1) On February 5, 2020, the Company issued 1 share on incorporation for proceeds of \$1. This share was subsequently repurchased by the Company and cancelled on February 5, 2020.
- (2) On February 5, 2020, the Company issued 2,000,000 common shares at a price of \$0.005 per common share for gross proceeds of \$10,000. The fair value of the common shares was estimated to be \$40,000. Accordingly, the Company recorded share-based compensation of \$30,000 and a corresponding increase to contributed surplus. Refer also to Note 4.
- (3) On March 10, 2020, the Company issued 150,000 common shares at a price of \$0.02 per common share pursuant to the option agreement dated February 10, 2020. See Note 3.
- (4) On July 23, 2020, the Company issued 3,050,000 flow-through common shares at a price of \$0.02 per common share for gross proceeds of \$61,000 which the Company is committed to spend on qualifying Canadian Exploration Expenses ("CEE") and issued 1,725,000 common shares at a price of \$0.02 per common share for gross proceeds of \$34,500.

As at December 31, 2020 the Company has fully completed this obligation to incur CEE.

- (5) On December 23, 2020, the Company issued 700,000 common shares at a price of \$0.05 per common share for gross proceeds of \$35,000.
- (6) On December 31, 2020, the Company issued 3,000,000 common shares at a price of \$0.05 per common share for gross proceeds of \$150,000.

During the year ended December 31, 2020 the Company incurred aggregate share issue costs of \$18,150 in connection with the above financings, which was recorded as an offset to share capital, as share issue costs.

#### Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, at its discretion grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the

**5. SHARE CAPITAL AND RESERVES (cont'd...)**

number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. Vesting of stock options is at the discretion of the Board of Directors. Stock options are exercisable for a maximum of 10 years.

As at June 30, 2021, the Company had stock options outstanding enabling the holder to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Life Remaining
1,000,000	\$0.10	January 18, 2021	4.56

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2020	Nil	\$ -
Granted	1,000,000	0.10
As at June 30, 2021	1,000,000	\$ 0.10

During the period ended June 30, 2021, the Company recognized share-based payments expense of \$32,020 (June 30, 2020 - \$30,000) in connection with the vesting of stock options granted.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options modified and granted during the year ended as follows:

	June 30, 2021
Risk-free interest rate	0.42%
Expected life of options	5.00
Annualized volatility	100%
Dividend rate	0%

**6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

There were no significant non-cash transactions during the period ended June 30, 2021.

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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;
-

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

- 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 cash is measured at Level 1 of the fair value hierarchy. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions.

*Liquidity risk*

As of June 30, 2021, the Company had cash balance of \$80,446 to settle current liabilities of \$49,299. The Company is exposed to liquidity risk.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

*Interest rate risk*

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

*Foreign currency risk*

The Company's expenditures are denominated in Canadian dollars and current exposure to currency risk is minimal.

*Price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

**8. CAPITAL MANAGEMENT**

The Company defines capital that it manages as the aggregate of share capital, contributed surplus and deficit.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company relies on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is enough economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.

**9. SUBSEQUENT EVENTS**

On July 26, 2021, the Company completed its Initial Public Offering on the Canadian Securities Exchange under the symbol ("CP"). The Company issued 3,500,000 common shares at a price of \$0.10 per share for gross proceeds of \$350,000. The Company paid an agent a 10% cash commission, a \$40,000 corporate finance fee, of which \$10,000 will be payable in common shares of the Company, and the agent will receive warrants to acquire up to 350,000 common shares at a price of \$0.10 per share, exercisable on or before July 26, 2023.