



# **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020**

**(Unaudited - Expressed in Canadian Dollars)**

## **NOTICE OF NO AUDITOR REVIEW**

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

The accompanying unaudited interim financial statements of 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 standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

**GROUP TEN METALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian Dollars)

	Note	June 30, 2021	March 31, 2021
		\$	\$
<b>ASSETS</b>			
Current			
Cash and cash equivalents		6,814,260	2,509,404
Accounts receivable		133,707	76,895
Prepaid expenses and deposits	4	521,960	47,745
Due from related parties	9a	709,408	646,599
		<u>8,179,335</u>	<u>3,280,643</u>
Non-current			
Deposits	4	248,342	160,574
Exploration and evaluation assets	5	3,031,144	2,969,244
		<u>11,458,821</u>	<u>6,410,461</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities		163,563	121,843
Due to related party	9a	32,550	30,500
Flow-through share premium liability	7	42,013	44,910
		<u>238,126</u>	<u>197,253</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	31,944,829	26,628,391
Share-based payment reserve	8f	2,160,577	1,523,297
Deficit		<u>(22,884,711)</u>	<u>(21,938,480)</u>
		<u>11,220,695</u>	<u>6,213,208</u>
		<u>11,458,821</u>	<u>6,410,461</u>

Nature of Operations and Going Concern – Note 1  
Commitment – Note 13  
Subsequent event – Note 5

Approved on behalf of the Board:  
Michael Rowley, Director  
Greg Johnson, Director

**GROUP TEN METALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020**  
(Unaudited - Expressed in Canadian Dollars)

	Note	2021 \$	2020 \$
<b>EXPENSES</b>			
Consulting	9	217,624	66,443
Exploration expenditures	6	351,124	354,712
Investor relations and corporate development		80,946	85,155
Office and administration		16,068	15,703
Professional fees		19,054	31,196
Share-based payment expense	8f, 9	245,481	154,776
Transfer agent, regulatory and filing fees		17,365	10,586
Travel and accommodation		2,712	64
		<u>(950,374)</u>	<u>(718,635)</u>
<b>Other Items</b>			
Other income	7	2,897	12,680
Interest income		1,246	11,218
		<u>(946,231)</u>	<u>(694,737)</u>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>			
		<u>(0.01)</u>	<u>(0.01)</u>
<b>Basic and diluted loss per share</b>			
		<u>(0.01)</u>	<u>(0.01)</u>
<b>Weighted average number of shares outstanding</b>			
		<u>150,471,997</u>	<u>118,922,398</u>

**GROUP TEN METALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited - Expressed in Canadian Dollars)

	Note	Common shares number	Share Capital \$	Share-based Payments reserve \$	Deficit \$	Total \$
<b>Balance, March 31, 2020</b>		<b>118,552,835</b>	<b>20,926,945</b>	<b>851,899</b>	<b>(16,387,526)</b>	<b>5,391,318</b>
Shares issued for properties	5, 8b	900,000	216,000	-	-	216,000
Shares issued pursuant to exercise of options	8b	100,000	25,644	(10,644)	-	15,000
Share-based payment expense	8f	-	-	154,776	-	154,776
Net loss and comprehensive loss		-	-	-	(694,737)	(694,737)
<b>Balance, June 30, 2020</b>		<b>119,552,835</b>	<b>21,168,589</b>	<b>996,031</b>	<b>(17,082,263)</b>	<b>5,082,357</b>
Private placements, net of issuance costs		23,051,550	4,288,990	106,331	-	4,395,321
Shares issued pursuant to exercise of warrants		4,333,751	1,003,017	(1,841)	-	1,001,176
Shares issued pursuant to exercise of options		641,176	167,795	(76,295)	-	91,500
Share-based payment expense		-	-	520,291	-	520,291
Reclass of cancelled options		-	-	(21,220)	21,220	-
Net loss and comprehensive loss		-	-	-	(4,877,437)	(4,877,437)
<b>Balance, March 31, 2021</b>		<b>147,579,312</b>	<b>26,628,391</b>	<b>1,523,297</b>	<b>(21,938,480)</b>	<b>6,213,208</b>
Private placements, net of issuance costs	8b	15,000,000	5,132,593	400,034	-	5,532,627
Shares issued pursuant to exercise of warrants	8b	745,396	183,845	(8,235)	-	175,610
Share-based payment expense	8f	-	-	245,481	-	245,481
Net loss and comprehensive loss		-	-	-	(946,231)	(946,231)
<b>Balance, June 30, 2021</b>		<b>163,324,708</b>	<b>31,944,829</b>	<b>2,160,577</b>	<b>(22,884,711)</b>	<b>11,220,695</b>

**GROUP TEN METALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020**  
(Unaudited - Expressed in Canadian Dollars)

	Note	2021	2020
<b>Operating activities</b>			
Net loss for the period		(946,231)	(694,737)
Items not involving cash			
Other income		(2,897)	(12,680)
Share-based payment expense	8f	245,481	154,776
		<u>(703,647)</u>	<u>(552,641)</u>
Net change in non-cash working capital items	10	<u>(637,834)</u>	175,254
<b>Cash used in operating activities</b>		<u>(1,341,481)</u>	<u>(377,387)</u>
<b>Investing activity</b>			
Acquisition of exploration and evaluation assets	5	<u>(61,900)</u>	(81,633)
<b>Cash used in investing activities</b>		<u>(61,900)</u>	<u>(81,633)</u>
<b>Financing activities</b>			
Proceeds from private placement	8b	6,000,000	-
Share issue costs	8b	(467,373)	-
Proceeds on exercise of warrants	8b	175,610	-
Proceeds on exercise of options	8b	-	15,000
<b>Cash provided by financing activities</b>		<u>5,708,237</u>	15,000
<b>Change in cash</b>		<u>4,304,856</u>	(444,020)
<b>Cash and cash equivalents, beginning of period</b>		<u>2,509,404</u>	<u>2,261,726</u>
<b>Cash and cash equivalents, end of period</b>		<u>6,814,260</u>	<u>1,817,706</u>
<b>Cash and cash equivalents is comprised of:</b>			
Cash		6,814,260	317,706
Cash equivalents		-	1,500,000
		<u>6,814,260</u>	<u>1,817,706</u>

**Supplemental cash flow information (Note 10)**

**GROUP TEN METALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020**  
(Unaudited - Expressed in Canadian Dollars)

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

Group Ten Metals Inc. (the “Company”) is a publicly listed company on the TSX Venture exchange (“TSX-V”), was incorporated under the laws of British Columbia, Canada on April 28, 2006. The Company’s principal business activities include the acquisition and exploration of mineral properties. The Company’s registered office is 904-409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

The Company incurred a net loss of \$946,231 for the three months ended June 30, 2021 (2020 - \$694,737), and as of that date, had an accumulated deficit of \$22,884,711 (March 31, 2021 - \$21,938,480). At June 30, 2021, the Company had a total of \$8,179,335 (March 31, 2021 - \$3,280,643) in current assets and a working capital of \$7,941,209 (March 31, 2021 - \$3,083,390) and no long term debt.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

**2. BASIS OF PREPARATION**

**Statement of compliance**

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2021, which have been prepared in accordance with IFRS.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended March 31, 2021.

These financial statements were approved by the board of directors on August 30, 2021.

**Basis of consolidation**

The consolidated financial statements include the results or financial information of Group Ten Metals Inc. and its wholly-owned subsidiaries listed in the following table:

<b>Name</b>	<b>Country of incorporation</b>
Yankee Girl Resources Corp	Canada
Group Ten (USA) Inc	USA
Group Ten (Alaska) Inc	USA
1161932 BC Ltd	Canada

**GROUP TEN METALS INC.**  
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The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All significant intercompany transactions and balances have been eliminated.

**3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended March 31, 2021.

**4. PREPAID EXPENSES AND DEPOSITS**

	<b>June 30, 2021</b>	<b>March 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Prepaid expenses	17,323	38,747
Deposits	752,979	169,572
	770,302	208,319
Less: non-current portion	(248,342)	(160,574)
	<b>521,960</b>	<b>47,745</b>

In June 2021, the Company re-engaged Goldspot Discoveries Corp. to continue to assist the Company in identifying preferential environments for precious and base metal mineralization on the Company's properties by utilizing artificial intelligence and its proprietary technology. A payment of \$140,000 was made upon engagement.

During the three months ended June 30, 2021, a total of \$360,504 in deposits were paid to engage several service companies to conduct the 2021 exploration program.

The Company has paid \$233,188 (March 31, 2021 - \$145,420) for bonds in relation to the Company's Stillwater West project and a deposit of \$15,154 (March 31, 2021 - \$15,154) has been made in relation to a corporate credit card.

**5. EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation acquisition costs for the three months ended June 30, 2021 were as follows:

	<b>Montana</b>	<b>Yukon</b>	<b>Alaska</b>	<b>Ontario</b>	
	Stillwater West	Yukon Properties	Duke Island	Black Lake Drayton	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, March 31, 2020</b>	<b>1,238,646</b>	<b>774,588</b>	<b>95,923</b>	<b>388,940</b>	<b>2,498,097</b>
Cash payments	67,654	-	-	-	67,654
Licenses and permits	166,624	-	6,890	-	173,514
Shares issued	216,000	-	-	-	216,000
Staking	13,979	-	-	-	13,979
<b>Balance, March 31, 2021</b>	<b>1,702,903</b>	<b>774,588</b>	<b>102,813</b>	<b>388,940</b>	<b>2,969,244</b>
Cash payments	61,900	-	-	-	61,900
<b>Balance, June 30, 2021</b>	<b>1,764,803</b>	<b>774,588</b>	<b>102,813</b>	<b>388,940</b>	<b>3,031,144</b>



**GROUP TEN METALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020**  
(Unaudited - Expressed in Canadian Dollars)

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**a) Stillwater West (Montana, United States)**

During the year ended March 31, 2021, the Company satisfied all earn-in requirements and owns 100% of the Stillwater West project. On June 26, 2017, the Company entered into an option agreement to acquire a 100% interest in the Stillwater West project from Picket Pin Resources LLC, a private entity, consisting of 282 claims in south central Montana, USA, covering approximately 22 square kilometers ("km<sup>2</sup>") in two claim groups. In consideration, the Company agreed to:

- Issue a total of 3.6 million shares of the Company beginning with 900,000 shares within ten days of regulatory approval (issued) and 900,000 shares on or before May 31 of each of 2018 (issued), 2019 (issued - valued at \$112,500) and 2020 (issued - valued at \$216,000);
- Make United States dollars ("USD") \$40,000 in cash payments with USD\$20,000 on or before each of May 31, 2018 (paid) and 2019 (paid) - CDN \$26,600);
- Make advance royalty payments until commencement of commercial production of USD\$15,000 within ten days of regulatory approval (paid), USD\$30,000 on or before May 31, 2018 (paid) and USD\$50,000 on or before May 31, 2019 (paid - CDN\$66,500) and annually thereafter (USD\$50,000 on or before May 31<sup>st</sup> (paid May 31, 2020 - CDN\$67,654, and another US\$50,000 paid during the three months ended June 30, 2021 - CDN\$61,900)); and
- Execute a work contract for a minimum of USD\$50,000 per year for the duration of the option agreement for technical and management work, which is three years (completed).

The project is subject to a 2% Net Smelter Return royalty ("NSR") and the Company has an option to buy down the NSR to 1%.

Pursuant to further staking from November 2017 to present, the Company's land holdings at the Stillwater West project have increased to approximately 61 km<sup>2</sup> consisting of 763 claims.

**b) Kluane PGE -Ni-Cu Project (Yukon, Canada)**

The Company owns a 100% interest in four platinum group and battery metals properties totaling over 255 km<sup>2</sup> in the Kluane Ultramafic Belt in southwestern Yukon, and together comprise the Kluane PGE-Ni-Cu Project.

Catalyst

The Company earned its 100% interest in the Catalyst property on December 5, 2019 by completing the below remaining commitments:

- pay \$10,000 to Progressive Planet Solutions Inc. ("Progressive" - formerly Ashburton Ventures Inc.) on or before December 29, 2017. The agreement was amended and in lieu of the cash payment, the Company issued 200,000 common shares to Progressive (issued - valued at \$26,000);
- issue 300,000 common shares to Denali Resources Ltd. on or before July 31, 2019 (issued - valued at \$52,500).

Certain claims on the Catalyst Property are subject to a 3% NSR and the Company has an option to buy the NSR down to 1%.

The Catalyst property also includes claims previously referred to as the CKR claims.

Spy

The Company owns a 100% interest in the Spy property. The Spy claims are subject to a 3% NSR and the Company has an option to buy the NSR down to 1%.

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Ultra

The Company owns a 100% interest in the Ultra property and a 100% interest in 24 additional claims adjoining the Ultra property.

The claims are subject to a 2% NSR and the Company has an option to buy the NSR down to 1%.

The Company holds a 100% interest in the Outpost property which is adjacent to and forms part of the Ultra property. As of March 31, 2020, the Company satisfied all earn-in requirements and owns 100% of the Outpost property in addition to the Pacer properties (included with the Ellen property below) by completing the below outstanding requirements:

- Complete \$30,000 of work expenditures (satisfied), make a cash payment of \$20,000 (paid) and issue 400,000 common shares of the Company on or before the first anniversary of signing (issued – valued at \$50,000); and
- Complete an additional \$105,000 of work expenditures (completed) and issue 500,000 common shares of the Company on or before the second anniversary of the acceptance of this agreement (issued - valued at \$125,000).

The claims are subject to a 2% NSR and the Company has the option to buy down the NSR to 1%.

Ellen

The Company owns a 100% interest in the Ellen property, which consists of 72 claims totaling approximately 13km<sup>2</sup> in the Yukon Territory. The Ellen property includes the adjoining Pacer NW and nearby Pacer SE claim groups, which are owned 100% by the Company and were acquired with the Outpost claims block (see Ultra property, above).

**c) Duke Island (Alaska, United States)**

The Company owns a 100% interest in 31 unpatented mineral claims located on Duke Island, Alaska. The claims are subject to a 1% NSR.

**d) Black Lake and Drayton (Ontario, Canada)**

The Company owns 100% of a total land package of 13,773 continuous hectares of the Black Lake and Drayton properties.

Black Lake

- (i) The Company owns a 100% interest in mineral claims covering 2,430 hectares located in the Patricia Mining Division near Sioux Lookout, Ontario. The claims are subject to a 2% NSR upon commencement of commercial production. The Company has an option to buy down the NSR to 1%.
- (ii) To further consolidate claims in the Black Lake and Drayton property area, the Company acquired 100% of the below land packages through option agreements:
  - a. Mineral claims covering 1,224 hectares in the area between Black Lake and Drayton with no royalty obligation.
  - b. Mineral claims covering 441 hectares in the Black Lake area. The claims are subject to a 3% NSR upon commencement of commercial production and the Company has the option to buy the NSR down to 2%.
- (iii) The Company acquired additional claims adjoining and between the above claims by direct staking at various dates. There are no royalty interest on claims staked by the Company.

Drayton

The Company owns a 100% interest in mineral claims covering 1,983 hectares located in the Patricia Mining Division near Sioux Lookout, Ontario.

**GROUP TEN METALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
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Upon commencement of commercial production, the claims are subject to a 1% NSR with no buy-down provision, and an additional 3% NSR with the Company having an option to buy the NSR down to 1.5%.

Subsequent to June 30, 2021, the Company entered into a binding Letter of Intent (“LOI”) with Heritage Mining Ltd. (“Heritage”), whereby, Heritage can acquire up to a 90% interest in the Company’s Black Lake-Drayton gold properties in Ontario, Canada. The interest can be acquired by issuing a total of 7,200,000 shares, making cash payment of \$320,000, completing exploration and development work totaling \$5,000,000 on the Black-Lake-Drayton properties. The details and timing of option payments are detailed below:

- (i) Heritage is required to pay a \$20,000 cash payment to the Company within three business days of executing the LOI, and the LOI is exclusive and binding on the parties for a period of 60 days to allow for completion of the definitive agreement (the “Agreement”).
- (ii) Heritage shall issue 2,800,000 shares to the Company within three business days of execution of the Agreement.
- (iii) Heritage may earn a 51% interest (the “First Option”) by completing the following on or before the third anniversary of the “Agreement”:
  - Issuing an additional 3,300,000 shares to the Company;
  - Completing cash payments totaling \$300,000; and
  - Completing exploration work totaling \$2,500,000.
- (iv) Upon completion of the First Option, Heritage may earn an additional 39% ownership interest (the “Second Option”) for a cumulative 90% interest by completion of the following on or before the fourth anniversary of the Agreement:
  - Issuing an additional 1,100,000 shares to the Company; and
  - Completing additional exploration work totaling \$2,500,000.

In addition, the LOI provides the following:

- (i) Upon completion of the Second Option, the Company will retain a 10% free carried interest in the Black Lake-Drayton properties, with Heritage being responsible for all property costs until completion by Heritage of a positive feasibility study supported by a technical report prepared in accordance with NI 43-101 on the Property (the “FS”).
- (ii) A discovery payment of \$1.00 per ounce of gold or gold equivalent shall be made on mineral resource estimates as filed from time-to-time on the Black Lake-Drayton properties and shall, in Heritage’s discretion, be paid in cash or shares (or a combination thereof), capped at a maximum of \$10,000,000.
- (iii) The LOI provides for the formation of a Joint Venture (“JV”) based on the then legal and beneficial ownership levels in the Property following completion of the FS. A JV may also be formed in the event Heritage does not complete the requirements of the Second Option, in which case Heritage will be required to maintain minimum exploration and development expenditures of \$500,000 per annum until the completion of the FS in order to maintain status as operator of the JV.
- (iv) The Company is required to complete \$300,000 of exploration work on the properties within the first year of the Agreement, provided any shortfall by the Company shall reduce Heritage’s obligation on a dollar-for-dollar basis.

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**e) Yankee Dundee (British Columbia, Canada)**

Yankee Dundee consists of 26 Crown-granted mineral claims located in the Nelson Mining District near Ymir, British Columbia. On June 25, 2013, the Company closed the sale of its interests and obligations in the properties to Armex Mining Corp. ("Armex") in exchange for advance royalty payments, royalty payments, and production payments.

The remaining terms of the agreement are as follows:

- (i) Armex is to pay remaining advance royalty payments of:
  - \$50,000 on or before August 28, 2015 (unpaid); and
  - \$50,000 on or before August 28, 2016 (unpaid) and annually thereafter until the commencement of commercial production.
- (ii) Armex is to pay production and additional payments of:
  - \$250,000 upon the commencement of commercial production;
  - \$250,000 upon the first anniversary of commencement of commercial production; and
  - additional production payments aggregating \$1,000,000 payable from 30% of net revenues as defined in the agreement.

Armex has the right to satisfy the production and additional payments by paying the aggregate sum of \$1,250,000 any time during the first year of commercial production.

Armex will also assume all obligations per existing underlying option agreements with respect to the Yankee Dundee claims which consist of a 1% NSR upon commencement of commercial production until the recovery of the lesser of aggregate expenditures incurred and \$5,000,000, after such time, the NSR will increase to 2.5%. At any time up to the commencement of commercial production, an option is available to purchase 1.5% of the NSR for \$500,000 and the remaining 1% for \$500,000.

The Company will also be entitled to a 2.5% NSR upon commencement of commercial production, with Armex holding the right to repurchase the royalty at any time on the basis of \$1,000,000 for each 1%. In addition, the Company retains back-in rights pursuant to the agreement by which it can re-acquire the property in the event specific production milestones are not met.

Armex disputes the overdue advance royalty payments that were payable on or before August 28, 2015, 2016, 2017, 2018, 2019 and 2020. As the Company believes that the financial situation of Armex has deteriorated to an extent that precludes it from completing the sale agreement, the capitalized costs relating to Yankee Dundee have been reduced to \$Nil.

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**6. EXPLORATION EXPENDITURES**

Exploration expenditures incurred for the three months ended June 30, 2021 were as follows:

	Stillwater West	Yukon Properties	Black Lake Drayton	<b>Total</b>
	\$	\$	\$	\$
Analysis	73,881	-	-	73,881
Camp	14,409	-	-	14,409
Consulting	55,105	73,521	19,339	147,965
Consulting, Geophysics	132,294	-	-	132,294
Drilling	22,314	-	-	22,314
Equipment	24,838	-	-	24,838
Fuel	1,892	-	-	1,892
Permitting	100	1,689	-	1,789
Transport	2,257	-	-	2,257
	<u>327,090</u>	<u>75,210</u>	<u>19,339</u>	<u>421,639</u>
Less: Government Grants	-	(70,515)	-	(70,515)
	<b><u>327,090</u></b>	<b><u>4,695</u></b>	<b><u>19,339</u></b>	<b><u>351,124</u></b>

Exploration expenditures incurred for the three months ended June 30, 2020 were as follows:

	Stillwater West	Yukon Properties	Black Lake Drayton	<b>Total</b>
	\$	\$	\$	\$
Analysis	2,222	-	-	2,222
Camp	9,972	-	-	9,972
Consulting	265,795	72,063	31,137	368,995
Equipment	3,635	-	-	3,635
Fuel	369	-	-	369
Transport	7,735	-	-	7,735
	<u>289,728</u>	<u>72,063</u>	<u>31,137</u>	<u>392,928</u>
Less: Government Grants	-	(38,216)	-	(38,216)
	<b><u>289,728</u></b>	<b><u>33,847</u></b>	<b><u>31,137</u></b>	<b><u>354,712</u></b>

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**7. FLOW-THROUGH SHARE PREMIUM LIABILITY**

A summary of the changes in the Company's flow-through ("FT") share premium liability was as follows:

	\$
<b>Balance, March 31, 2020</b>	<b>141,801</b>
Flow-through share premium on the issuance of flow-through common shares	-
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(96,891)
<b>Balance, March 31, 2021</b>	<b>44,910</b>
Flow-through share premium on the issuance of flow-through common shares	-
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(2,897)
<b>Balance, June 30, 2021</b>	<b>42,013</b>

As a result of the issuance of FT shares in November 2019 for gross proceeds of \$1,359,000, the Company recorded an initial FT share premium liability of \$159,941. During the three months ended June 30, 2021, \$ 24,629 (year ended March 31, 2021, \$823,574) was spent in relation to FT commitment and reduced the FT share premium liability.

**8. SHARE CAPITAL**

**a) Authorized**

Unlimited common shares without par value

**b) Share issuance details**

***Three months ended June 30, 2021***

- (i) In June 2021, the Company completed a non-brokered private placement for gross proceeds of \$6,000,000. A total of 15,000,000 units were issued at a price of \$0.40 per unit (a "Unit"), with each Unit consisting of one common share and one-half share purchase warrant, with each full warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.55 per share until June 16, 2023. The Company allocated \$300,000 of the gross proceeds to warrant reserve using the residual method. Agent's fees of \$244,764 cash, 611,911 brokers' warrants were paid and/or issued in connection with the financing. The value of the brokers' warrants was \$100,034. Additional shares issuance costs of \$222,609 were incurred.
- (ii) The Company issued 745,396 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.24 per share. The weighted average share price on the date of exercise was \$0.43.

***Three months ended June 30, 2020***

- (i) The Company issued 900,000 common shares with a fair value of \$216,000 in connection with the Stillwater West project property agreement.
- (ii) The Company issued 100,000 common shares pursuant to the exercise of stock options with a weighted average exercise price of \$0.15 per share for total gross proceeds of \$15,000.

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**c) Stock options**

The Company has a Long-Term Incentive Plan whereby the Company may grant certain awards to directors, officers, employees and consultants, including stock options, to a maximum of a rolling 10% of the issued and outstanding share capital of the Company. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	<b>Number of options</b>	<b>Weighted average exercise price</b>
		<b>\$</b>
<b>Balance, March 31, 2020</b>	<b>10,560,000</b>	<b>0.17</b>
Granted	3,990,000	0.33
Exercised	(800,000)	0.16
Cancelled	(75,000)	0.16
Expired	(100,000)	0.21
<b>Balance, March 31, 2021</b>	<b>13,575,000</b>	<b>0.22</b>
Granted	700,000	0.39
Expired	(50,000)	0.215
<b>Balance, June 30, 2021</b>	<b>14,225,000</b>	<b>0.23</b>
<b>Exercisable, June 30, 2021</b>	<b>9,250,000</b>	<b>0.17</b>

The following stock options were outstanding as at June 30, 2021:

<b>Expiry date</b>	<b>Outstanding</b>	<b>Exercisable</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life (in years)</b>
			<b>\$</b>	
March 20, 2022	2,390,000	2,390,000	0.15	0.72
August 30, 2022	350,000	350,000	0.12	1.17
September 28, 2022	2,200,000	2,200,000	0.12	1.25
August 23, 2023	300,000	300,000	0.18	2.15
November 23, 2023	200,000	200,000	0.15	2.40
February 28, 2024	495,000	495,000	0.20	2.67
June 14, 2024	950,000	950,000	0.15	2.96
September 18, 2024	300,000	300,000	0.18	3.22
January 29, 2025	2,400,000	1,600,000	0.255	3.59
July 10, 2025	1,395,000	465,000	0.215	4.03
January 12, 2026	2,545,000	-	0.40	4.54
April 13, 2026	500,000	-	0.38	4.79
June 16, 2026	200,000	-	0.40	4.96
	<b>14,225,000</b>	<b>9,250,000</b>	<b>0.23</b>	<b>2.83</b>

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**d) Compensation options**

A total of 390,000 compensation options were issued in July 2020 pursuant to a private placement. Each compensation option entitles the holder to acquire one Unit at a price of \$0.20 until July 17, 2023. Each Unit consists of one common share and one warrant. The warrant entitles the holder to purchase an additional common share at a price of \$0.30 until July 17, 2023.

**e) Share purchase warrants**

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		\$
<b>Balance, March 31, 2020</b>	<b>21,030,402</b>	<b>0.23</b>
Issued	23,051,550	0.30
Exercised	(4,333,751)	0.23
<b>Balance, March 31, 2021</b>	<b>39,748,201</b>	<b>0.27</b>
Issued	8,111,911	0.54
Exercised	(745,396)	0.24
<b>Balance, June 30, 2021</b>	<b>47,114,716</b>	<b>0.32</b>

The following share purchase warrants were outstanding as at June 30, 2021:

Outstanding	Exercise price	Expiry date	Weighted average remaining life (in years)
	\$		
2,757,089	0.225	November 26, 2021	0.41
3,035,011	0.21	August 6, 2022	1.10
3,497,879	0.21	September 4, 2022	1.18
7,526,276	0.25	November 21, 2022	1.39
22,186,550	0.30	July 17, 2023	2.05
7,500,000	0.55	June 16, 2023	1.96
611,911	0.40	June 16, 2023	1.96
<b>47,114,716</b>			

**f) Share-based payment expense and reserve**

During the three months ended June 30, 2021, the Company granted 700,000 stock options. A total of 233,333 will vest 6 months following the date of grant, 233,333 will vest 12 months following the date of grant and 233,334 will vest 18 months following the date of grant.

During the three months ended June 30, 2020, the Company did not grant any stock options.

During the three months ended June 30, 2021, total share-based payment expense was \$245,481 (2020 - \$154,776) in respect of the vesting of previously granted stock options and newly granted options and was recorded in profit or loss. The weighted average fair value on grant date of the options granted during the three months ended June 30, 2021 was \$139,821 (2020 - \$nil), or \$0.20 (2020 - \$nil) per option.



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The fair value of the stock options that were granted during the three months ended June 30, 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	<b>2021</b>
Risk free interest rate	0.78%
Expected life in years	5
Expected volatility	61.1%
Expected dividends	0.0%

The fair value of the 611,911 broker's warrants were valued at \$100,034, that were issued during the three months ended June 30, 2021 pursuant to the private placement described in Note 8(b) was calculated using the following weighted average assumptions:

	<b>2021</b>
Risk free interest rate	0.44%
Expected life in years	2
Expected volatility	82.9%
Expected dividends	0.0%

## **9. RELATED PARTY TRANSACTIONS**

Key management personnel are the Directors and Executive Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and are reviewed and approved by the Company's Board. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the three months ended June 30, 2021 and 2020:

- TruePoint Exploration Inc. ("TruePoint") is a privately held exploration service company that provides exploration and administrative services to the Company as well as to other exploration companies. Costs covered by TruePoint include exploration expenditures (technical work on the project such as drilling, sampling and geophysics), consulting, investor relations and corporate development costs and other admin costs. Michael Rowley, President and CEO and Greg Johnson, Director of the Company are minority shareholders of TruePoint; and
- MVR Consulting Inc. ("MVR"), a private company controlled by Michael Rowley, President and CEO.

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

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**Related Party Transactions**

The Company's related party transactions for the three months ended June 30 were as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Consulting and management fees <sup>(1)</sup>	166,182	44,220
Share-based payments <sup>(2)</sup>	83,662	59,910
Exploration and administrative costs <sup>(3)</sup>	219,928	156,500
	<u>469,772</u>	<u>260,630</u>

<sup>1</sup> Consulting fees for the three months ended June 30, 2021 and 2020 consisted of fees earned by key management personnel including the CEO and CFO.

<sup>2</sup> Share-based payments expense is a non-cash item that consisted exclusively of the fair value of stock options that were granted to key management personnel.

<sup>3</sup> Transactions with TruePoint for the three months ended June 30, 2021 consisted of exploration expenditures (\$174,848), consulting fees (\$2,284), investor relations and corporate development fees (\$42,796) and other/office fees (\$nil).

**a) Related Party Balances**

The Company's related party balances consisted of the following:

	<u>June 30, 2021</u>	<u>March 31, 2021</u>
	\$	\$
<b>Due to Related Parties</b>		
Due to MVR Consulting Inc.	26,250	10,500
Due to Gregor Hamilton	6,300	20,000
	<u>32,550</u>	<u>30,500</u>
	<u>June 30, 2021</u>	<u>March 31, 2021</u>
	\$	\$
<b>Due from Related Parties</b>		
Due from TruePoint <sup>(1)</sup>	673,945	596,599
Due from Michael Rowley	35,463	50,000
	<u>709,408</u>	<u>646,599</u>

<sup>1</sup> This amount was the net of cash advances made to TruePoint, partially offset by charges from TruePoint.

Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

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**b) Insider Participation in Private Placements**

A summary of insider participation in the Company's private placements for the three months ended June 30, 2021 and 2020 was as follows:

	Number of Units	Price \$	Proceeds \$
<b>June 2021 Private Placement</b>			
A. Milne Consulting Corp	8,000	0.40	3,200
Gregor Hamilton	62,500	0.40	25,000
Greg Johnson	125,000	0.40	50,000
Michael Rowley	125,000	0.40	50,000
Gordon Toll	1,000,000	0.40	400,000
	<u>1,320,500</u>		<u>528,200</u>

**10. SUPPLEMENTAL CASH FLOW INFORMATION**

The net change in non-cash operating working capital balances for the three months ended June 30 consisted of the following:

	2021 \$	2020 \$
Accounts receivable	(56,812)	130,489
Due to / from related parties	(60,759)	(1,590)
Prepaid expenses	(561,983)	(137,725)
Accounts payable and accrual liabilities	41,720	184,080
	<u>(637,834)</u>	<u>175,254</u>

The non-cash transactions for the three months ended June 30, 2021 consisted of the Company:

- (i) issuing 611,911 broker's warrants valued at \$100,034 pursuant to the private placement noted in Note 8(b).

The non-cash transactions for the three months ended June 30, 2020 consisted of the Company:

- (i) issuing a total of 900,000 common shares valued at \$216,000 as option payment on its Stillwater West property.

**11. FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash and cash equivalents, accounts receivable, due from related parties, accounts payable and accrued liabilities and due to related parties. The Company has classified its financial instruments as amortized cost.

The carrying values of accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. There have been no changes in any risk management policies since March 31, 2021.

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**12. SEGMENTED INFORMATION**

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

	<b>June 30, 2021</b>	<b>March 31, 2021</b>
	\$	\$
Non-current assets by geographic segment		
Canada	1,178,682	1,324,102
United States	2,100,804	1,805,716
	<b>3,279,486</b>	<b>3,129,818</b>

**13. COMMITMENT**

As a result of the issuance of FT shares on November 21, 2019, the Company had a commitment to incur \$1,359,500 on qualifying Canadian exploration expenditures. At June 30, 2021, approximately \$357,105 of the commitment was remaining. In recognition of the impacts of COVID-19, the Canadian government enacted into law temporary relief measures to flow-through regulations including allowing companies an additional twelve months- period to incur eligible expenditures.

**14. CORONA VIRUS (COVID 19) PANDEMIC**

The outbreak of the worldwide COVID-19 pandemic may result in impacts to the Company's on-going exploration plans and activities in 2021. The Company is focused on the health and well-being of its workers and the communities in which we work and has implemented preventative measures accordingly. The Company will continue to monitor advice and regulations from the World Health Organization, governments and local communities, and adjust measures as appropriate.

The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries or regions can be expected that are difficult to quantify. Regional disease outbreaks represent a threat to hiring and maintaining skilled workers, and could be a major health-care challenge for its workforce. There can be no assurance that the Company's personnel will not be impacted by these regional disease outbreaks and ultimately that the Company could see its workforce productivity reduced or incur increased medical costs as a result of these health risks.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital.

There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity, thereby limiting access to additional capital.