

# **METALLIC MINERALS CORP.**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2021 AND  
2020**

(Stated in Canadian Dollars)

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## **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

**METALLIC MINERALS CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - expressed in Canadian dollars)

	Note	January 31, 2021 \$	July 31, 2020 \$
<b>ASSETS</b>			
Current			
Cash and cash equivalents		5,886,139	1,300,044
Receivables	4	232,270	132,010
Due from related party	9b	50,000	50,000
Prepaid expenses and deposits	4	433,003	54,675
		<u>6,601,412</u>	<u>1,536,729</u>
Non-current			
Receivables		30,000	30,000
Equipment		-	2,694
Exploration and evaluation assets	5	1,946,079	1,859,169
		<u>8,577,491</u>	<u>3,428,592</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		85,764	165,047
Due to related party	9b	291,041	796,197
Flow-through share premium liability	7	188,685	214,476
		<u>565,490</u>	<u>1,175,720</u>
<b>Shareholders' Equity</b>			
Share capital	8	29,412,222	18,894,405
Share-based payment reserve	8	2,695,299	1,912,290
Accumulated deficit		<u>(24,095,520)</u>	<u>(18,553,823)</u>
		<u>8,012,001</u>	<u>2,252,872</u>
		<u>8,577,491</u>	<u>3,428,592</u>

Nature of Operations and Going Concern – Note 1  
Commitment – Note 13  
Subsequent events – Note 15

Approved on behalf of the Board:  
Gregor Hamilton, Director  
Greg Johnson, Director

**METALLIC MINERALS CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2021 and 2020**  
(Unaudited - expressed in Canadian dollars)

	Note	Three months ended		Six months ended	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Expenses</b>					
Consulting	9a	124,027	110,058	223,600	207,687
Depreciation		-	511	2,694	1,021
Exploration expenditures	6,9a	1,153,394	103,225	4,352,085	517,845
Investor relations and corporate development		88,043	87,189	217,608	167,516
Office and administration		34,233	22,758	56,811	41,319
Professional fees		21,018	21,022	40,777	47,727
Property evaluation		225	1,842	225	29,253
Share-based payment expense	8e,9a	350,401	94,439	1,143,327	199,340
Transfer agent, regulatory and filing fees		37,876	7,089	49,039	37,714
Travel and accommodation		3,252	1,066	3,252	2,767
		<b>(1,812,469)</b>	<b>(449,199)</b>	<b>(6,089,418)</b>	<b>(1,252,189)</b>
<b>Other Items</b>					
Other income	7	317,810	14,969	532,286	30,103
Interest and miscellaneous income		5,807	31,748	10,240	33,529
Gain/(loss) on share issuance	8b	5,195	-	5,195	-
<b>Net Loss and comprehensive loss for the period</b>		<b>(1,483,657)</b>	<b>(402,482)</b>	<b>(5,541,697)</b>	<b>(1,188,557)</b>
<b>Basic and diluted loss per share</b>		<b>(0.01)</b>	<b>(0.00)</b>	<b>(0.05)</b>	<b>(0.01)</b>
<b>Basic and diluted weighted average number of shares outstanding</b>		<b>124,542,389</b>	<b>99,011,304</b>	<b>121,326,197</b>	<b>92,810,217</b>

**METALLIC MINERALS CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited - expressed in Canadian dollars)

		Common shares number	Share Capital \$	Share-based payment reserve \$	Deficit \$	Total \$
<b>Balance, July 31, 2019</b>		<b>83,511,304</b>	<b>16,090,387</b>	<b>1,438,958</b>	<b>(15,589,329)</b>	<b>1,940,016</b>
Private placements, net of issuance costs	8b	13,000,000	2,528,335	219,518	-	2,747,853
Flow-through share premium liability	8b	-	(413,925)	-	-	(413,925)
Units / Shares issued for properties	8b	2,500,000	500,000	82,368	-	582,368
Share-based payment expense	8e	-	-	199,340	-	199,340
Reclassification of expired warrants	8e	-	-	(38,518)	38,518	-
Reclassification of expired options	8e	-	-	(112,721)	112,721	-
Net loss and comprehensive loss for the period		-	-	-	(1,188,557)	(1,188,557)
<b>Balance, January 31, 2020</b>		<b>99,011,304</b>	<b>18,704,797</b>	<b>1,788,945</b>	<b>(16,626,647)</b>	<b>3,867,095</b>
Units / shares issued for properties		200,000	30,000	-	-	30,000
Shares issued pursuant to exercise of options		316,000	112,649	(43,769)	-	68,880
Shares issued pursuant to exercise of warrants		117,500	46,959	(5,784)	-	41,175
Share-based payment expense		-	-	272,898	-	272,898
Reclassification of expired warrants		-	-	(100,000)	100,000	-
Net loss and comprehensive loss for the period		-	-	-	(2,027,176)	(2,027,176)
<b>Balance, July 31, 2020</b>		<b>99,644,804</b>	<b>18,894,405</b>	<b>1,912,290</b>	<b>(18,553,823)</b>	<b>2,252,872</b>
Private placements, net of issuance costs	8b	23,896,104	9,554,898	569,313	-	10,124,211
Flow-through share premium liability	8b	-	(506,494)	-	-	(506,494)
Shares issued for share issuance costs	8b	51,948	(5,195)	-	-	(5,195)
Shares issued pursuant to exercise of options	8b	1,484,882	1,100,433	(910,433)	-	190,000
Shares issued pursuant to exercise of warrants	8b	799,550	374,175	(19,198)	-	354,977
Share-based payment expense	8e	-	-	1,143,327	-	1,143,327
Net loss and comprehensive loss for the period		-	-	-	(5,541,697)	(5,541,697)
<b>Balance, January 31, 2021</b>		<b>125,877,288</b>	<b>29,412,222</b>	<b>2,695,299</b>	<b>(24,095,520)</b>	<b>8,012,001</b>

**METALLIC MINERALS CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2021 and 2020**  
(Unaudited - expressed in Canadian dollars)

		Three months ended January 31,		Six months ended January 31,	
	Note	2021	2020	2021	2020
		\$	\$	\$	\$
<b>Operating activities</b>					
Net loss for the period		(1,483,657)	(402,482)	(5,541,697)	(1,188,557)
Items not involving cash					
Depreciation		-	511	2,694	1,021
Interest and miscellaneous income		-	(22,000)	-	(22,000)
Gain/(loss) on share issuance		(5,195)	-	(5,195)	-
Other income		(317,810)	(14,969)	(532,286)	(30,103)
Share-based payment expense	8e	350,401	94,439	1,143,327	199,340
		(1,456,261)	(344,501)	(4,933,157)	(1,040,299)
Net change in non-cash working capital items	10	(1,502,647)	18,192	(1,063,027)	(5,037)
<b>Cash used in operating activities</b>		<b>(2,958,908)</b>	<b>(326,309)</b>	<b>(5,996,184)</b>	<b>(1,045,336)</b>
<b>Investing activity</b>					
Acquisition of exploration and evaluation assets	5	-	(60,536)	(86,910)	(233,909)
<b>Financing activities</b>					
Proceeds received from private placements	8b	3,000,000	-	11,000,000	2,750,000
Share issue costs	8b	(159,941)	(1,740)	(875,788)	(2,147)
Proceeds on exercise of options	8b	-	-	190,000	-
Proceeds on exercise of warrants	8b	210,000	-	354,977	-
<b>Cash provided by financing activities</b>		<b>3,050,059</b>	<b>(1,740)</b>	<b>10,669,189</b>	<b>2,747,853</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>91,151</b>	<b>(388,585)</b>	<b>4,586,095</b>	<b>1,468,608</b>
Cash and cash equivalents, beginning of period		5,794,988	2,670,541	1,300,044	813,348
<b>Cash and cash equivalents, end of period</b>		<b>5,886,139</b>	<b>2,281,956</b>	<b>5,886,139</b>	<b>2,281,956</b>
<b>Cash and cash equivalents is comprised of:</b>					
Guaranteed Investment Certificate		-	2,200,000	-	2,200,000
Cash		5,886,139	81,956	5,886,139	81,956
		5,886,139	2,281,956	5,886,139	2,281,956

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

**METALLIC MINERALS CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2021 AND 2020**  
(Unaudited - expressed in Canadian dollars)

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

Metallic Minerals Corp. (the "Company") is a publicly listed company on the TSX Venture Exchange ("TSX-V"), incorporated under the laws of British Columbia on May 3, 2007. The Company was registered as an extra-territorial corporation under the Business Corporations Act (Yukon) on July 10, 2009. The Company is involved in activities that include the acquisition and exploration of mineral properties. The Company's head office is located at 904 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of \$5,541,697 for the six months ended January 31, 2021 (2020: \$1,188,557). At January 31, 2021, the Company had an accumulated deficit of \$24,095,520 (July 31, 2020: \$18,553,823). In assessing whether the going concern assumption is appropriate, management takes 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. At January 31, 2021, the Company had a total of \$6,601,412 of current assets and a working capital of \$6,035,922 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. The COVID-19 pandemic may also impact the Company's ability to continue as a going concern (Note 14). 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**

The Company's condensed consolidated interim 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. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2020.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended July 31, 2020.

The Board of Directors approved these consolidated financial statements on April 1, 2021.

**Basis of consolidation**

The consolidated financial statements include the results or financial information of Metallic Minerals Corp. and its wholly-owned subsidiaries listed in the following table:

<b>Name</b>	<b>Country of incorporation</b>
536386 Yukon Inc.	Canada
1219166 B.C. Ltd.	Canada
Metallic Minerals USA Inc.	USA

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.

**METALLIC MINERALS CORP.**  
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**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 July 31, 2020.

**4. RECEIVABLES AND PREPAID EXPENSES AND DEPOSITS**

The receivables balance as at January 31, 2021 and July 31, 2020 is comprised of the following:

	<b>January 31, 2021</b>	<b>July 31, 2020</b>
	\$	\$
GST receivable	228,491	74,052
Interest receivable	-	19,658
Other	3,779	38,300
	<b>232,270</b>	<b>132,010</b>

The prepaids and deposit balance as at January 31, 2021 and July 31, 2020 is comprised of the following:

	<b>January 31, 2021</b>	<b>July 31, 2020</b>
	\$	\$
Prepaid expenses	68,419	54,675
Deposit	364,584	-
	<b>433,003</b>	<b>54,675</b>

During the six months ended January 31, 2021 the Company engaged Goldspot Discoveries Corp. an arms length party, to assist in the Company's properties by utilizing artificial intelligence and its proprietary technology. A payment of \$280,000 was made upon engagement. A deposit of \$78,475 was made in relation to the Company's La Plata property.

**5. EXPLORATION AND EVALUATION ASSETS**

A summary of the changes in exploration and evaluation acquisition costs is presented below:

	<b>Keno Silver Project</b>	<b>La Plata Project</b>	<b>McKay Hill Project</b>	<b>Klondike Gold Project</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance, July 31, 2020</b>	<b>505,259</b>	<b>753,003</b>	<b>27,890</b>	<b>573,017</b>	<b>1,859,169</b>
Licensing & maintenance	-	86,910	-	-	86,910
<b>Balance, January 31, 2021</b>	<b>505,259</b>	<b>839,913</b>	<b>27,890</b>	<b>573,017</b>	<b>1,946,079</b>



**METALLIC MINERALS CORP.**  
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**KENO SILVER PROJECT**

The Company's 100% owned flagship Keno Silver project, located in the Keno Hill silver district of Canada's Yukon Territory, comprises 166 km<sup>2</sup> including the Keno-Lightning, Keno Summit, Gram, Keno-East, Cobalt Hill, Duncan Creek, Formo and Silver Queen properties.

**Keno-Lightning Property**

The Keno-Lightning property, which includes Homestake, is the largest property within the Keno silver project and is subject to a 3% Net Smelter Royalty ("NSR"). The Company has the option to buy back up to 2% of this NSR.

**Keno Summit Property**

The Company owns 100% of 17 claims and five leases on the Keno Summit property. Nine claims are subject to the same NSR as the Gram property, seven claims and two leases are subject to the same NSR as the Silver Queen property, three leases are subject to the same NSR as the Formo property and one claim is not subject to an NSR.

**Keno-East Property**

The Company staked additional ground in the Keno-East target area, which covers the eastern and southern extension of the Keno Hill silver district. The Company owns 100% of these claims and are not subject to any NSR.

**Gram Property**

The Company owns 100% of the Gram property which consists of 42 claims covering approximately 8.7 km<sup>2</sup> on the east side of the Keno Hill silver district. The Gram property is subject to a 2% NSR for precious metals and a 1% NSR for base metals and the Company has the option to buy back the full NSR.

**Cobalt Hill Property**

The Company owns 100% of the Cobalt Hill property covering 4.2 km<sup>2</sup> that are contiguous with the eastern end of the Keno-Lightning property in the Keno Hill silver district. Cobalt Hill is subject to a 3% NSR and the Company has the option to buy back up to 1.5% of this NSR.

**Duncan Creek Property**

The Duncan Creek property was staked by the Company in January 2017 along with other claims totaling approximately 30.2 km<sup>2</sup>. The Company owns 100% of the Duncan Creek claims and they are not subject to any NSR.

**Formo Property**

The Company owns 100% of 16 mining leases in the Keno Hill silver district. The Formo property is subject to a 2% NSR for precious metals and a 1% NSR for base metals. The Company has an option to buy back the full NSR.

**METALLIC MINERALS CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2021 AND 2020**  
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**Silver Queen Property**

The Company owns 100% of the Silver Queen property which consists of 20 claims primarily on the western end of the Keno Hill silver district. The Silver Queen property is subject to a 2% NSR and the Company has the option to buy back the full NSR.

**LA PLATA PROJECT**

On September 10, 2019, the Company entered into an option agreement to acquire a 100% interest in the La Plata silver-gold-copper property in southwest Colorado from two arms-length vendors. The La Plata property, which is approximately 26 km northwest of Durango, Colorado, covers approximately 33km<sup>2</sup> in the historic high-grade La Plata mining district.

In order to earn the 100% interest in the La Plata project, the Company has the following commitments:

- Issue 1,250,000 units to each of the two Shareholders of the optionor within 10 days of receipt of final Exchange approval of the Option Agreement (2,500,000 units were issued on September 26, 2019 with each warrant having an exercise price of \$0.24. The units were valued at \$582,368);
- Issue 1,250,000 units to each of the two Shareholders of the optionor on or before the later of September 10, 2020, being the first anniversary of the date of the Option Agreement and 30 days after a Plan of Operations Permit is issued for the property;
- Issue 1,250,000 units to each of the two Shareholders of the optionor on or before the later of September 10, 2021, being the second anniversary of the date of the Option Agreement and the first anniversary of the Plan of Operations Permit issued for this property;
- Issue 1,250,000 units to each of the two Shareholders of the optionor on or before the later of September 10, 2022, being the third anniversary of the date of the Option Agreement and the second anniversary of the Plan of Operations Permit issued for this property; and
- Pay US\$250,000 to each of the two Shareholders of the optionor on or before September 10, 2023, being the fourth anniversary of the date of the Option Agreement, the third anniversary of the Plan of Operations Permit issued for this Property and 90 days after the completion of a preliminary economic assessment on the property.

Upon issuance, each of the units will comprise one common share and one-half of a share purchase warrant, with each full warrant exercisable into one common share of the Company for a period of 36 months from issuance at an exercise price equal to 120% of the 20-day volume weighted average trading price of the Company's common shares on the TSX-V on the business day immediately preceding the date of issuance.

The La Plata property will be subject to a 2% NSR and the Company will have the ability to buy down the NSR to 1.5%. Certain other patented claims are subject to a total 1.5% NSR.

**MCKAY HILL PROJECT**

The Company has a 100% interest in the McKay Hill project, which covers approximately 44 km<sup>2</sup> and is located northeast of the Keno Silver project in the Yukon Territory. The property is subject to a 3% NSR and the Company has the option to buy back up to 2% of this NSR.

**METALLIC MINERALS CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2021 AND 2020**  
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**Silver Hill Property**

The Company owns a 100% interest in 10.7 km<sup>2</sup> of claims 15 km north of the McKay Hill property. The property is not subject to any NSR and is managed along with the McKay Hill project.

**KLONDIKE GOLD PROJECT – ROYALTY PORTFOLIO**

The Company's alluvial properties are located on tributaries of the Indian River in the Klondike gold district near Dawson City, Yukon and are comprised of Australia Creek, Dominion Creek and Melba Creek. The Company also owns alluvial claims that are managed along with the Klondike Gold project at, California Creek and McKim Creek.

**Australia Creek Property**

On September 7, 2017, and amended on December 29, 2017, the Company entered into an option agreement to acquire a 100% interest from underlying claim holders in approximately 26 miles (42km) of mining rights and 18 miles (29km) of bench claims along the Australia Creek drainage (the "Australia Creek Property"), a tributary to the Indian River, in the Klondike gold district near Dawson City, Yukon. One of the Vendors is a related party as a director of the Company.

The Company completed the earn in of their 100% interest during the year ended July 31, 2020 by paying \$37,500 cash and issuing 200,000 common shares on March 31, 2020 (valued at \$30,000) to one vendor and paying cash of \$15,000 to the other vendor.

Under the Australia Creek option agreement, the vendors will receive a 4% royalty on all alluvial gold production from the Company and the Company has the ability to buy back the royalty.

The Company has entered into two production royalty agreements as follows:

- A production royalty agreement with respect to an approximate 2 mile portion of the Australia Creek Property ("Lower Australia Creek"), the Company has given an arms-length alluvial mining operator (the "Operator") an exclusive right to mine Lower Australia Creek, in exchange for a 12% royalty on all gold production payable to the Company; and
- A production royalty agreement covering four additional miles of valley bottom and bench alluvial claims in two blocks of its Australia Creek Property with an experienced alluvial mining operator in exchange for a 10% royalty on all gold production. This portion of the property is fully permitted for full scale production mining allowing for production to proceed following completion of test work.

**Dominion Creek Property**

The Company has a 100% interest in 10 claims of mining rights along a bench of Dominion Creek, a tributary to the Indian River, in the Klondike gold district near Dawson City, Yukon.

The Company has a production royalty agreement with respect to these claims under which the Company has granted exclusive mining rights to the Operator in exchange for a 15% royalty on all gold production.

**METALLIC MINERALS CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2021 AND 2020**

(Unaudited - expressed in Canadian dollars)

**6. EXPLORATION EXPENDITURES**

A summary of the exploration expenditures incurred for the three months ended January 31, 2021 is presented below:

	<b>Keno Silver Project</b>	<b>La Plata Project</b>	<b>McKay Hill Project</b>	<b>Klondike Gold Project</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Analysis	135,826	5,733	-	-	141,559
Camp costs	152,643	5,414	6,429	38	164,524
Consulting	498,896	97,974	89,646	109,209	795,725
Drilling	(7,800)	1,826	-	-	(5,974)
Equipment and communication	59,504	1,534	-	10,222	71,260
Fuel	1,125	97	-	92	1,314
Geophysics	6,140	450	173	-	6,763
Lands and permitting	10,918	-	-	181	11,099
Transportation and travel	(38,631)	4,907	-	848	(32,876)
	<b>818,621</b>	<b>117,935</b>	<b>96,248</b>	<b>120,590</b>	<b>1,153,394</b>

A summary of the exploration expenditures incurred for the three months ended January 31, 2020 is presented below:

	<b>Keno Silver Project</b>	<b>La Plata Project</b>	<b>McKay Hill Project</b>	<b>Klondike Gold Project</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Analysis	8,603	20,593	-	-	29,196
Camp costs	313	-	-	-	313
Community	-	371	19	-	390
Consulting	57,780	11,417	19,158	25,780	114,135
Equipment and communication	1,429	91	472	4,979	6,971
Fuel	110	-	-	343	453
Geophysics	8,796	-	-	-	8,796
Helicopter	(74,853)	-	6,358	-	(68,495)
Transportation and travel	3,825	2,098	1,113	4,430	11,466
	<b>6,003</b>	<b>34,570</b>	<b>27,120</b>	<b>35,532</b>	<b>103,225</b>

A summary of the exploration expenditures incurred for the six months ended January 31, 2021 is presented below:

	<b>Keno Silver Project</b>	<b>La Plata Project</b>	<b>McKay Hill Project</b>	<b>Klondike Gold Project</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Analysis	263,041	28,793	41,848	-	333,682
Camp costs	265,386	28,603	6,429	38	300,456
Consulting	857,151	421,587	90,937	109,209	1,478,884
Drilling	1,082,859	8,865	-	-	1,091,724
Equipment and communication	105,383	18,793	-	10,222	134,398
Fuel	160,987	716	-	92	161,795
Geophysics	10,028	4,986	173	-	15,187
Helicopter	611,065	74,860	12,500	-	698,425
Lands and permitting	32,020	14,913	775	181	47,889
Transportation and travel	58,012	30,785	-	848	89,645
	<b>3,445,932</b>	<b>632,901</b>	<b>152,662</b>	<b>120,590</b>	<b>4,352,085</b>

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A summary of the exploration expenditures incurred for the six months ended January 31, 2020 is presented below:

	<b>Keno Silver Project</b>	<b>La Plata Project</b>	<b>McKay Hill Project</b>	<b>Klondike Gold Project</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Analysis	19,737	20,593	6,449	-	46,779
Camp costs	15,659	5,145	1,957	-	22,761
Community	3,050	371	499	-	3,920
Consulting	145,221	118,568	33,142	25,780	322,711
Equipment and communication	9,111	7,402	472	4,979	21,964
Fuel	24,447	285	52	343	25,127
Geophysics	26,182	-	-	-	26,182
Helicopter	-	-	24,926	-	24,926
Transportation and travel	8,107	9,212	1,726	4,430	23,475
	<b>251,514</b>	<b>161,576</b>	<b>69,223</b>	<b>35,532</b>	<b>517,845</b>

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

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

	\$
<b>Balance, July 31, 2020</b>	<b>214,476</b>
Flow-through share premium on the issuance of flow-through common share units	506,494
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(532,285)</u>
<b>Balance, January 31, 2021</b>	<b><u>188,685</u></b>

**8. SHARE CAPITAL**

**a) Authorized**

Unlimited common shares without par value.

**b) Share issuance details**

**Six months ended January 31, 2021**

- On November 26, 2020, the Company closed a flow-through private placement of 3,896,104 shares at a price of \$0.77 per share for gross proceeds of \$3,000,000.

The Company's share price was \$0.64 per share on the date of completion and as a result, the Company allocated \$506,494 of the gross proceeds from the private placement to flow-through share premium using the residual value method.

The Company paid a finder's fee of \$142,406, issued 184,942 finders' warrants and incurred other share issue costs of \$17,537. Each finders' warrant is exercisable for a period of 24 months, into one common share of the Company at an exercise price of \$0.77. The finders' warrants were valued at \$45,557 using the Black-Scholes option pricing model. The Company

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also paid advisory fee of \$40,000 to Canaccord Genuity by issuing 51,948 common shares, which resulted in a gain of \$5,195.

- On August 13, 2020, the Company completed a syndicated private placement financing lead by Canaccord Genuity which consisted of 20,000,000 units at a price of \$0.40 per unit for gross proceeds of \$8,000,000. Each unit was comprised of one common share of the Company and one-half of one share purchase warrant with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.60 for a period of 24 months.

The Company's share price was \$0.79 per share on the date of completion and as a result, the Company allocated the full \$8,000,000 of the gross proceeds from the private placement to share capital using the residual value method.

The Company paid the Underwriters a cash commission of \$435,000, issued 1,087,500 broker warrants and incurred other share issue costs of \$280,847. Each broker warrant is exercisable, for a period of 24 months, into one common share at an exercise price of \$0.40. The broker warrants were valued at \$523,756 using the Black-Scholes option pricing model.

- The Company issued 1,484,882 common shares pursuant to the exercise of 1,766,000 options with a weighted average exercise price of \$0.23 per share. The weighted average share price on the date of exercise was \$0.86. A total of 1,066,000 options exercised were using Share Appreciation Rights ("SAR").
- The Company issued 799,550 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.44 per share. The weighted average share price on the date of exercise was \$0.82.

**Six months ended January 31, 2020**

- On October 17, 2019, the Company completed a non-brokered private placement for gross proceeds of \$2,750,000 through the issuance of 12,500,000 units at a price of \$0.22 per unit. Each unit consisted of one flow-through ("FT") common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.25 with an expiry of October 17, 2021.

The Company's share price was \$0.17 per share on the date of completion and as a result, the Company allocated \$2,125,000 of the gross proceeds from the FT private placement to share capital, \$211,075 of the gross proceeds to warrant reserve using the Black-Scholes option pricing model and the remaining \$413,925 of the gross proceeds to flow-through share premium liability using the residual value method.

The Company paid a finder's fee of 500,000 units under the same terms and conditions as the private placement units (common shares valued at \$85,000 and warrants valued at \$8,443 using the Black-Scholes option pricing model) and incurred other share issue costs of \$2,147. The Company issued 2,500,000 units (common shares valued at \$500,000 and warrants valued at \$82,368) pursuant to the purchase of the La Plata property (Note 5). Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.24 with an expiry of September 26, 2022.

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**c) Stock options**

The Company has a fixed Long-Term Performance Incentive Plan whereby the Company may grant certain awards to directors, officers, employees and consultants, including stock options, to a maximum of 12,000,000 common shares. 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>
		\$
Balance, July 31, 2019	7,200,000	0.31
Granted	4,325,000	0.24
Exercised	(316,000)	0.22
Cancelled	(450,000)	0.44
Balance, July 31, 2020	10,759,000	0.28
Granted	3,145,000	0.60
Exercised	(1,766,000)	0.23
Cancelled	(100,000)	0.18
<b>Balance, January 31, 2021</b>	<b>12,038,000</b>	<b>0.37</b>
<b>Exercisable, January 31, 2021</b>	<b>7,768,000</b>	<b>0.32</b>

The following stock options were outstanding as at January 31, 2021:

<b>Outstanding</b>	<b>Exercisable</b>	<b>Weighted average exercise price</b>	<b>Expiry date</b>	<b>Weighted average remaining life (in years)</b>
		\$		
2,100,000	2,100,000	0.44	September 19, 2021	0.63
625,000	625,000	0.60	August 13, 2022	
1,500,000	1,500,000	0.30	August 24, 2022	1.56
1,600,000	1,600,000	0.18	February 28, 2024	3.08
1,068,000	1,068,000	0.18	August 8, 2024	3.52
1,875,000	625,000	0.22	May 8, 2025	4.27
750,000	250,000	0.43	June 22, 2025	4.39
2,520,000	-	0.60	January 12, 2026	4.95
<b>12,038,000</b>	<b>7,768,000</b>	<b>0.37</b>		<b>3.08</b>

Options granted on May 8, 2020, June 22, 2020 and January 12, 2021 vest: one-third six months from grant date, one-third twelve months from grant date and one-third eighteen months from grant date.

Subsequent to January 31, 2021 a total of 50,000 options with an exercise price of \$0.18 per share, were exercised using Share Appreciation Rights ("SAR").

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**d) Warrants**

A summary of the changes in warrants is presented below:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
		<b>\$</b>
Balance, July 31, 2019	4,025,947	0.45
Issued	7,750,000	0.25
Exercised	(117,500)	0.35
Expired	(1,946,916)	0.58
Balance, July 31, 2020	9,711,531	0.26
Issued	11,272,442	0.57
Exercised	(799,550)	0.44
<b>Balance, January 31, 2021</b>	<b>20,184,423</b>	<b>0.44</b>

The following warrants were outstanding as at January 31, 2021:

<b>Outstanding</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Weighted average remaining life (in years)</b>
	<b>\$</b>		
6,500,000	0.25	October 17, 2021	0.71
1,499,481	0.33	November 21, 2021	0.81
1,250,000	0.24	September 26, 2022	1.65
9,662,500	0.60	August 13, 2022	1.53
1,087,500	0.40	August 13, 2022	1.53
184,942	0.77	November 26, 2022	1.82
<b>20,184,423</b>	<b>0.44</b>		<b>1.22</b>

Subsequent to January 31, 2021 a total of 706,875 warrants with a weighted average exercise price of \$0.40 per share were exercised.

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

The weighted average fair value on grant date of the options granted during the six months ended January 31, 2021 was \$1,420,334 (2020: \$203,526), or \$0.45 (2020: \$0.12) per option and total share-based payment expense was \$511,387 (2020: \$199,340) and was recorded in profit or loss. Pursuant to vesting schedules, a portion of the fair value will be expensed in future periods.

An additional \$631,940 was recorded to share-based payments in the profit and loss as a result of 1,066,000 options being exercised as a SAR.



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The fair value of the stock options that were granted during the six months ended January 31, 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	<b>Jan 12, 2021 options</b>	<b>Nov 4, 2020 options</b>
Risk free interest rate	0.33%	0.26%
Expected stock price volatility	110%	91%
Expected dividend yield	Nil	Nil
Expected option life in years	5.0	1.77
Spot price on date of grant	\$0.63	\$0.60

The fair value of the stock options that were granted during the six months ended January 31, 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	1.23%
Expected stock price volatility	76%
Expected dividend yield	Nil
Expected option life in years	5.0
Spot price on date of grant	\$0.17

Expected volatility is based on historical price volatility of the Company since July 2016, which is when the Company was recapitalized, changed its name and appointed a new management team.

During the six months ended January 31, 2021, the Company reclassified \$Nil (2020: \$112,721) from share-based payments reserve to deficit with respect to options that were cancelled during the period and \$nil (2020: \$38,518) from share-based payments reserve to deficit with respect to warrants that expired during the period.

The fair value of the 184,942 finders' warrants issued in conjunction with the private placement completed on November 26, 2020 was \$45,557 and was recorded in reserves. The weighted average assumptions were as follows:

Risk free interest rate	0.26%
Expected stock price volatility	81%
Expected dividend yield	Nil
Expected option life in years	2.0
Spot price on date of grant	\$0.64

The fair value of the 1,087,500 finders' warrants issued in conjunction with the private placement completed on August 13, 2020 was \$523,756 and was recorded in reserves. The weighted average assumptions were as follows:

Risk free interest rate	0.26%
Expected stock price volatility	77%
Expected dividend yield	Nil
Expected option life in years	2.0
Spot price on date of grant	\$0.79

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The fair values of the 6,250,000 warrants and 250,000 finders' warrants issued in conjunction with the FT private placement completed on October 17, 2019 were \$211,075 and \$8,443, respectively and were recorded in reserves. The weighted average assumptions for both sets of warrants were as follows:

Risk free interest rate	1.59%
Expected stock price volatility	57%
Expected dividend yield	Nil
Expected option life in years	2.0
Spot price on date of grant	\$0.17

The fair value of the 1,250,000 warrants issued as an option payment pursuant to the purchase of the La Plata property was \$82,368 using the following weighted average assumptions:

Risk free interest rate	1.59%
Expected stock price volatility	56%
Expected dividend yield	Nil
Expected option life in years	3.0
Spot price on date of grant	\$0.20

## **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 and six months ended January 31, 2021 and 2020:

- TruePoint Exploration Inc. ("TruePoint") is a private exploration service company that provides exploration and administrative services to the Company. Greg Johnson, President and CEO of the Company is a minority shareholder and key management personnel of TruePoint. Charges from TruePoint are for exploration, management and office administration expenses; and
- Midnight Mining Services Ltd. ("Midnight Mining") is a private company controlled by Bill Harris, a former director of the Company. During the six months ended January 31, 2021, Bill Harris resigned as a director of the Company.

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

**a) Related Party Transactions**

Related party transactions for the three and six months ended January 31, 2021 and 2020 were as follows:

		<b>Three months ended</b>		<b>Six months ended</b>	
		<b>January 31,</b>		<b>January 31,</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>		
Consulting fees	1	86,525	101,536	143,106	179,689
Exploration and evaluation assets	2	-	37,500	-	37,500
Share-based payments	3	61,510	41,035	117,920	97,176
Transactions with TruePoint	4	1,206,383	133,698	4,296,515	668,485
		<u>1,354,418</u>	<u>313,769</u>	<u>4,557,541</u>	<u>982,850</u>

<sup>1</sup> Consulting fees for the three and six months ended January 31, 2021 and 2020 consisted of fees earned by key management personnel including the CEO and CFO.

<sup>2</sup> The amount of \$37,500 for the six months ended January 31, 2020 consisted of option payments to a director of the Company in relation to the Australia Creek option agreement.

<sup>3</sup> Share-based payment expense is a non-cash item that consisted of the fair value of stock options that were granted to key management personnel.

<sup>4</sup> Transactions with TruePoint for the six months ended January 31, 2021 consisted of exploration expenditures (\$4,061,195), consulting fees (\$55,173), investor relations and corporate development fees (\$134,423) and other (\$45,725).

**b) Related Parties Balances**

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

		<b>January 31,</b>	<b>July 31,</b>
		<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Due from Greg Johnson	1	50,000	50,000
		<u>50,000</u>	<u>50,000</u>

<sup>1</sup> This amount related to an expense advance as at January 31, 2021 and July 31, 2020.

		<b>January 31,</b>	<b>July 31,</b>
		<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Current liabilities</b>			
Due to TruePoint	1	291,041	626,697
Due to Midnight Mining		-	10,000
Due to Greg Johnson		-	109,500
Due to Gregor Hamilton		-	50,000
		<u>291,041</u>	<u>796,197</u>

<sup>1</sup> This amount was the net of cash advances made to TruePoint 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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**c) Insider Participation in Private Placements**

A summary of insider participation in the Company's private placements for the six months ended January 31, 2021 and 2020 was as follows:

<b>November 2020 Private Placement</b>	<b>Number of Units</b>	<b>Price</b>	<b>Proceeds</b>
			\$
Gregory Johnson	3,868	0.77	2,978
Peter Harris	26,000	0.77	20,020
	<u>29,868</u>		<u>22,998</u>

**10. SUPPLEMENTAL CASH FLOW INFORMATION**

The net change in non-cash operating working capital balances for the three and six months ended January 31 consisted of the following:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>January 31,</b>		<b>January 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	\$	\$	\$	\$
Receivables	(135,416)	30,316	(100,260)	(6,796)
Due to/from related parties	(1,172,225)	(20,908)	(505,156)	(9,439)
Prepaid expenses and deposits	(61,749)	9,108	(378,328)	4,625
Accounts payable and accrual liabilities	(133,257)	(324)	(79,283)	6,573
	<u>(1,502,647)</u>	<u>18,192</u>	<u>(1,063,027)</u>	<u>(5,037)</u>

The non-cash financing and investing transactions for the six months ended January 31, 2021 consisted of the Company:

- Issuing 184,942 finders' warrants valued at \$45,557 pursuant to the flow-through private placement completed on November 26, 2020.
- Issuing 51,948 common shares valued at \$34,805 to settle advisory fee of \$40,000 to pursuant to the flow-through private placement completed on November 26, 2020, which resulted in a gain of \$5,195.
- Issuing 1,087,500 finders' warrants valued at \$523,756 pursuant to the private placement completed on August 13, 2020.

The non-cash financing and investing transactions for the six months ended January 31, 2020 consisted of the Company:

- Issuing 2,500,000 units, comprised of 2,500,000 common shares valued at \$500,000 and 1,250,000 warrants valued at \$82,368 pursuant to the purchase of the La Plata property; and
- Issuing 500,000 finders' units, comprised of 500,000 common shares valued at \$110,000 and 250,000 warrants valued at \$8,443 pursuant to the FT private placement completed on October 17, 2019.

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**11. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, receivables, due from related party, accounts payable and accrued liabilities and due to related party. Except for cash and cash equivalents, all the Company's financial instruments are measured at amortized cost. The fair values of financial instruments at amortized cost approximate the carrying amounts, due to the short-term nature of these financial instruments, or the inclusion of market rates of interest thereon.

The Company's cash and cash equivalents are designated as FVTPL and presented at fair value in accordance with level 1 of the fair value hierarchy.

**Fair value of financial instruments**

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company is exposed in varying degrees to a number of financial instrument related risks such as interest rate risk, credit risk and Liquidity risk. There have been no material changes to risks since the year ended July 31, 2020.

**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>January 31, 2021</b>	<b>July 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Non-current assets by geographic segment		
Canada	1,136,166	1,138,860
United States	839,913	753,003
	<u>1,976,079</u>	<u>1,891,863</u>

**13. COMMITMENT**

As a result of the issuance of FT Shares on October 17, 2019, the Company had a commitment to incur \$2,750,000 in qualifying Canadian exploration expenditures. As at January 31, 2021, the Company had completed the commitment and spent the full \$2,750,000 on qualifying exploration expenditures.

As a result of the issuance of FT Shares on November 26, 2020, the Company has a commitment to incur \$3,000,000 in qualifying Canadian exploration expenditures. As at January 31, 2021, the

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Company had a remaining commitment to incur approximately \$1,118,000 on qualifying exploration expenditures.

In recognition of the impacts of COVID-19, the Canadian government has proposed 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 they 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.

**15. SUBSEQUENT EVENTS**

The Company issued 706,875 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.40 per share. The weighted average share price on the date of exercise was \$0.65.

The Company issued 38,312 common shares pursuant to the exercise of 50,000 options with a weighted average exercise price of \$0.18 per share, using Share Appreciation Rights ("SAR"). The weighted average share price on the date of exercise was \$0.76.