

# **METALLIC MINERALS CORP.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED OCTOBER 31, 2021 AND 2020**

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

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## **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 condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management and have been approved by the Audit Committee and the Board of Directors.

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

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

	Note	October 31, 2021	July 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		2,686,656	4,023,315
Receivables	4	27,548	48,327
Due from related parties	11b	641,741	628,138
Prepaid expenses and deposits	5	297,540	377,161
		<u>3,653,485</u>	5,076,941
<b>Non-current</b>			
Deposit	5	30,736	30,736
Exploration and evaluation assets	6	3,356,561	3,269,516
		<u>7,040,782</u>	8,377,193
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		232,803	178,570
Due to a related party	11b	15,000	15,000
		<u>247,803</u>	193,570
<b>Non-current</b>			
Reclamation deposit	9	60,000	60,000
		<u>307,803</u>	253,570
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	32,830,933	30,909,690
Share-based payment reserve	10	2,709,670	3,240,035
Accumulated deficit		<u>(28,807,624)</u>	<u>(26,026,102)</u>
		<u>6,732,979</u>	8,123,623
		<u>7,040,782</u>	8,377,193

Nature of Operations and Going Concern – Note 1

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

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

	Note	2021	2020
		\$	\$
<b>EXPENSES</b>			
Consulting	11a	62,314	99,573
Depreciation		-	2,694
Exploration expenditures	7,11a	2,897,414	3,198,691
Investor relations and corporate development		86,202	129,565
Office and administration		17,579	22,578
Professional fees		13,938	19,759
Share-based payment expense	10e,11a	248,814	792,926
Transfer agent, regulatory and filing fees		9,103	11,163
Travel and accommodation		-	-
		<b>(3,335,364)</b>	<b>(4,276,949)</b>
<b>Other Items</b>			
Other income	8	-	214,476
Interest and miscellaneous income		2,761	4,433
		<b>(3,332,603)</b>	<b>(4,058,040)</b>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>			
		<b>(0.03)</b>	<b>(0.03)</b>
<b>Basic and diluted loss per share</b>			
		<b>130,985,459</b>	<b>118,110,004</b>
<b>Weighted average number of shares outstanding</b>			

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

	Note	Common shares number	Share Capital \$	Share-based payment reserve \$	Deficit \$	Total \$
<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	10b	20,000,000	6,760,397	523,756	-	7,284,153
Shares issued pursuant to exercise of options	10b	1,484,882	468,493	(278,493)	-	190,000
Shares issued pursuant to exercise of warrants	10b	439,323	163,231	(18,254)	-	144,977
Share-based payment expense		-	-	792,926	-	792,926
Net loss and comprehensive loss for the period		-	-	-	(4,058,040)	(4,058,040)
<b>Balance, October 31, 2020</b>		<b>121,569,009</b>	<b>26,286,526</b>	<b>2,932,225</b>	<b>(22,611,863)</b>	<b>6,606,888</b>
Private placements, net of issuance costs		3,896,104	2,794,500	45,557	-	2,840,057
Flow-through share premium liability		-	(506,494)	-	-	(506,494)
Units issued for properties		2,500,000	1,100,000	212,956	-	1,312,956
Shares issued for share issuance costs		51,948	(5,195)	-	-	(5,195)
Shares issued pursuant to exercise of options		505,812	361,218	(103,218)	-	258,000
Shares issued pursuant to exercise of warrants		1,142,102	879,135	(341,385)	-	537,750
Share-based payment expense		-	-	513,640	-	513,640
Reclassification of expired options		-	-	(19,740)	19,740	-
Net loss and comprehensive loss for the period		-	-	-	(3,433,979)	(3,433,979)
<b>Balance, July 31, 2021</b>		<b>129,664,975</b>	<b>30,909,690</b>	<b>3,240,035</b>	<b>(26,026,102)</b>	<b>8,123,623</b>
Shares issued pursuant to exercise of warrants	10b	6,706,500	1,921,243	(228,098)	-	1,693,145
Share-based payment expense	10e	-	-	248,814	-	248,814
Reclassification of expired options	10e	-	-	(551,081)	551,081	-
Net loss and comprehensive loss for the period		-	-	-	(3,332,603)	(3,332,603)
<b>Balance, October 31, 2021</b>		<b>136,371,475</b>	<b>32,830,933</b>	<b>2,709,670</b>	<b>(28,807,624)</b>	<b>6,732,979</b>

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

	Note	2021	2020
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		(3,332,603)	(4,058,040)
Items not involving cash			
Depreciation		-	2,694
Other income		-	(214,476)
Share-based payment expense	10e	248,814	792,926
		(3,083,789)	(3,476,896)
Net change in non-cash working capital items	12	141,030	439,620
<b>Cash used in operating activities</b>		<b>(2,942,759)</b>	<b>(3,037,276)</b>
<b>INVESTING ACTIVITY</b>			
Acquisition of exploration and evaluation assets	6	(87,045)	(86,910)
<b>FINANCING ACTIVITIES</b>			
Proceeds received from private placements	10b	-	8,000,000
Share issue costs	10b	-	(715,847)
Proceeds on exercise of options	10b	-	190,000
Proceeds on exercise of warrants	10b	1,693,145	144,977
<b>Cash provided by financing activities</b>		<b>1,693,145</b>	<b>7,619,130</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,336,659)</b>	<b>4,494,944</b>
Cash and cash equivalents, beginning of period		4,023,315	1,300,044
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>		<b>2,686,656</b>	<b>5,794,988</b>

**Supplemental cash flow information (Note 11)**

**METALLIC MINERALS CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED OCTOBER 31, 2021 AND 2020**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Metallic Minerals Corp. (the "Company") was 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. The Company is a reporting issuer and trades on the TSX Venture Exchange in Canada under the symbol "MMG".

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 \$3,332,603 for the three months ended October 31, 2021 (2020: \$4,058,040), and as of that date had an accumulated deficit of \$28,807,624 (July 31, 2021: \$26,026,102). At October 31, 2021, the Company had a total of \$3,653,485 of current assets and a working capital of \$3,405,682.

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**

The Company's condensed interim consolidated financial statements have been prepared in accordance with 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 July 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 July 31, 2021.

These condensed interim consolidated financial statements were approved by the Board of Directors on December 30, 2021.

**Basis of Consolidation**

The condensed interim 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

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. The results

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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 intercompany balances and transactions have been eliminated upon consolidation.

**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, 2021.

**4. RECEIVABLES**

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

	<b>October 31, 2021</b>	<b>July 31, 2021</b>
	\$	\$
GST receivable	16,144	36,923
Other	11,404	11,404
	<b>27,548</b>	<b>48,327</b>

**5. PREPAID EXPENSES AND DEPOSITS**

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

	<b>October 31, 2021</b>	<b>July 31, 2021</b>
	\$	\$
Prepaid expenses	10,127	37,475
Deposit	318,149	370,422
	328,276	407,897
Less: non-current portion	(30,736)	(30,736)
	<b>297,540</b>	<b>377,161</b>

At October 31, 2021 and July 31, 2021, prepaid expenses included various prepaid amounts for advertising, marketing, filing fees and memberships and subscriptions.

During the year ended July 31, 2021 the Company engaged Goldspot Discoveries Corp. an arm's length party, to assist in the Company's exploration programs by utilizing its proprietary technology including artificial intelligence. A payment of \$280,000 was made upon engagement and to date invoices of \$41,538 were drawn down on the advance.

As at October 31, 2021 there are deposits of \$48,950 in relation to the Company's exploration programs and a deposit of \$30,736 has been made in relation to a corporate credit card.



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**6. 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, 2021</b>	<b>505,259</b>	<b>2,152,869</b>	<b>27,890</b>	<b>583,498</b>	<b>3,269,516</b>
Licensing and maintenance	-	83,450	-	3,595	87,045
<b>Balance, October 31, 2021</b>	<b>505,259</b>	<b>2,236,319</b>	<b>27,890</b>	<b>587,093</b>	<b>3,356,561</b>

**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.

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**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.

**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**

Pursuant to an option agreement dated September 10, 2019, as amended, the Company acquired an option 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 30 days after a plan of operations permit is issued for the property. On July 28, 2021 the agreement was amended to deem the date of issuance of the plan of operation permit for these units to be July 15, 2021 with 2,500,000 units issued on July 29, 2021 with each warrant having an exercise price of \$0.62. The units were valued at \$1,312,956;
- Issue 1,250,000 units to each of the two Shareholders of the optionor on or before the first anniversary that the plan of operations permit is actually issued for this property;
- Issue 1,250,000 units to each of the two Shareholders of the optionor on or before the second anniversary that the plan of operations permit is actually issued for this property; and
- Pay US\$250,000 to each of the two Shareholders of the optionor on or before the third anniversary that the plan of operations permit is actually 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.

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**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.

**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 approximately 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 10% 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 12% 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.**  
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**7. EXPLORATION EXPENDITURES**

A summary of the exploration expenditures incurred for the three months ended October 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	89,947	63,690	-	-	153,637
Camp costs	89,196	616	-	-	89,812
Consulting	630,617	124,064	-	38,966	793,647
Drilling	792,168	193,201	-	-	985,369
Equipment and communication	31,310	5,090	-	-	36,400
Fuel	112,620	633	-	-	113,253
Geophysics	-	39,713	-	-	39,713
Helicopter	616,848	-	-	-	616,848
Lands and permitting	341	33,175	-	2,261	35,777
Transportation and travel	28,443	2,470	-	2,045	32,958
	<b>2,391,490</b>	<b>462,652</b>	<b>-</b>	<b>43,272</b>	<b>2,897,414</b>

A summary of the exploration expenditures incurred for the three months ended October 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	127,215	23,060	41,848	-	192,123
Camp costs	112,743	23,189	-	-	135,932
Consulting	358,255	323,613	1,291	-	683,159
Drilling	1,090,659	7,039	-	-	1,097,698
Equipment and communication	45,879	17,259	-	-	63,138
Fuel	159,862	619	-	-	160,481
Geophysics	3,888	4,536	-	-	8,424
Helicopter	611,065	74,860	12,500	-	698,425
Permitting	21,102	14,913	775	-	36,790
Transportation and travel	96,643	25,878	-	-	122,521
	<b>2,627,311</b>	<b>514,966</b>	<b>56,414</b>	<b>-</b>	<b>3,198,691</b>

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**8. 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	-
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(214,476)</u>
<b>Balance, October 30, 2020</b>	<b>-</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>(506,494)</u>
<b>Balance, July 31, 2021</b>	<b>-</b>
<b>Balance, October 31, 2021</b>	<b>-</b>

**9. RECLAMATION DEPOSIT**

During the year ended July 31, 2021, the Company received \$60,000 from a production royalty agreement (Note 6) representing a refundable reclamation deposit. The deposit is refundable once mining activities have been completed on the property and reclamation as set forth within the agreement has been completed.

**10. SHARE CAPITAL**

**a) Authorized**

Unlimited common shares without par value.

**b) Share issuance details**

**Three months ended October 31, 2021**

- The Company issued 6,706,500 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.25 per share. The weighted average share price on the date of exercise was \$0.40.

**Three months ended October 30, 2020**

- On August 13, 2020, the Company completed a syndicated private placement financing 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 a cash commission of \$435,000, issued 1,087,500 broker warrants and incurred other cash 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.

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- 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. An additional total of 1,066,000 options exercised were using Share Appreciation Rights ("SAR").
- The Company issued 439,323 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.33 per share. The weighted average share price on the date of exercise was \$0.90.

**c) Stock options**

The Company has a Long-Term Performance Incentive Plan ("LTIP") whereby the Company may grant stock options to directors, officers, employees and consultants. The plan is authorized to grant up to 10% of the issued and outstanding share capital. 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:

	Number of options	Weighted average exercise price \$
Balance, July 31, 2020	10,759,000	0.28
Granted	4,105,000	0.60
Exercised	(2,296,000)	0.30
Cancelled	(100,000)	0.18
Expired	(50,000)	0.22
Balance, July 31, 2021	12,418,000	0.38
Expired	(2,100,000)	0.44
<b>Balance, October 31, 2021</b>	<b>10,318,000</b>	<b>0.37</b>
<b>Exercisable, October 31, 2021</b>	<b>7,139,666</b>	<b>0.31</b>

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

Outstanding	Exercisable	Weighted average exercise price \$	Expiry date	Weighted average remaining life (in years)
195,000	195,000	0.60	August 13, 2022	0.78
1,500,000	1,500,000	0.30	August 24, 2022	0.81
760,000	253,333	0.60	April 9, 2023	1.44
1,600,000	1,600,000	0.18	February 28, 2024	2.33
968,000	968,000	0.18	August 8, 2024	2.77
1,825,000	1,216,667	0.22	May 8, 2025	3.52
750,000	500,000	0.43	June 22, 2025	3.64
2,520,000	840,000	0.60	January 12, 2026	4.20
100,000	33,333	0.60	April 9, 2026	4.44
100,000	33,333	0.65	April 30, 2026	4.50
<b>10,318,000</b>	<b>7,139,666</b>	<b>0.37</b>		<b>2.86</b>

Subsequent to October 31, 2021, a total of 150,000 stock options with an exercise price of \$0.22 were exercised using SAR and 62,000 shares were issued and a total of 150,000 stock options with an exercise price of \$0.18 were exercised.

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**d) Warrants**

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance, July 31, 2020	9,711,531	0.26
Issued	12,522,442	0.51
Exercised	(1,581,425)	0.43
Balance, July 31, 2021	20,652,548	0.45
Exercised	(6,706,500)	0.25
<b>Balance, October 31, 2021</b>	<b>13,946,048</b>	<b>0.54</b>

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

Outstanding	Exercise price \$	Expiry date	Weighted average remaining life (in years)
1,292,981	0.33	November 21, 2021	0.06
1,250,000	0.24	September 26, 2022	0.90
9,587,500	0.60	August 13, 2022	0.78
380,625	0.40	August 13, 2022	0.78
184,942	0.77	November 26, 2022	1.07
1,250,000	0.62	July 29, 2024	2.75
<b>13,946,048</b>	<b>0.54</b>		<b>0.91</b>

Subsequent to October 31, 2021, a total of 1,281,981 with an exercise price of \$0.33 were exercised. A total of 11,000 warrants with an exercise price of \$0.33 expiring November 21, 2021 expired unexercised.

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

During the three months ended October 31, 2021 and October 31, 2020, the Company did not grant any stock options.

During the three months ended October 31, 2021, total share-based payment expense was \$248,814 (2020: \$792,926) in respect of the vesting of previously granted options was recorded in profit or loss.

During the three months ended October 31, 2021, the Company reclassified \$551,081 (2020: \$nil) from share-based payments reserve to deficit with respect to options that were expired during the period.

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:

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Risk free interest rate	0.26%
Expected stock price volatility	77%
Expected dividend yield	Nil
Expected option life in years	2.0

**11. 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 October 31, 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 other exploration companies. Costs covered by TruePoint include exploration expenditure (technical work on project such as drilling, sampling and geophysics) consulting, investor relations and corporate development costs and other admin costs. Greg Johnson, President and CEO of the Company is a minority shareholder of TruePoint.
- Midnight Mining Services Ltd. ("Midnight Mining") is a private company controlled by Bill Harris, a former director of the Company. During the three months ended October 31, 2020, Bill Harris resigned as a director of the Company.

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 months ended October 31, 2021 and 2020 were as follows:

		<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
Consulting fees	1	50,738	56,581
Share-based payments	2	50,715	51,483
Transactions with TruePoint	3	2,581,397	3,090,132
		<b>2,682,850</b>	<b>3,198,196</b>

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

<sup>2</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>3</sup> Transactions with TruePoint for the three months ended October 31, 2021 consisted of exploration expenditures (\$2,527,549), investor relations and corporate development fees (\$49,685) and other (\$4,163).



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**b) Related Party Balances**

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

		<b>October 31, 2021</b>	<b>July 31, 2021</b>
<b>Current assets</b>		<b>\$</b>	<b>\$</b>
Due from TruePoint	1	591,741	578,138
Due from Greg Johnson	2	50,000	50,000
		<b>641,741</b>	<b>628,138</b>
<b>Current liabilities</b>			
Due to Greg Johnson		15,000	15,000
		<b>15,000</b>	<b>15,000</b>

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

<sup>2</sup> This amount related to an expense advance as at October 31, 2021 and July 31, 2021.

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

**c) Insider Participation in Private Placements**

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

	Number of Units	Price	Proceeds
<b>August 2020 Private Placement</b>		<b>\$</b>	<b>\$</b>
Greg Johnson	400,000	0.40	160,000
Rebecca Moriarty	12,500	0.40	5,000

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

The net change in non-cash operating working capital balances for the three months ended October 31, 2021 and 2020 consisted of the following:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Receivables	20,779	35,156
Due to/from related parties	(13,603)	667,069
Prepaid expenses and deposits	79,621	(316,579)
Accounts payable and accrued liabilities	54,233	53,974
	<b>141,030</b>	<b>439,620</b>

The Company did not have any non-cash financing and investing transactions for the three months ended October 31, 2021.

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

- Issuing 1,087,500 finders' warrants valued at \$523,756 pursuant to the private placement completed on August 13, 2020.

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**13. FINANCIAL INSTRUMENTS**

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

As at October 31, 2021 the Company believes the carrying values of cash, receivables, 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 July 31, 2021.

**14. 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 location:

	<b>October 31, 2021</b>	<b>July 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Non-current assets by geographic segment		
Canada	1,150,978	1,147,383
United States	2,236,319	2,152,869
	<b>3,387,297</b>	<b>3,300,252</b>

**15. 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. 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.