



CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed 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 condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

EnGold Mines Ltd.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
Unaudited

As at	March 31, 2021	September 30, 2020
ASSETS		
Current		
Cash	\$ 6,180	\$ 346,430
Receivables	6,874	21,222
Prepaid expenses	9,924	48,853
Total current assets	22,978	416,505
Reclamation deposits (Note 4)	147,000	147,000
Other assets	1,008	1,008
Restricted cash (Note 5)	11,500	11,500
Equipment and right-of-use assets (Note 6)	141,405	159,213
Mineral properties (Note 7)	2,589,409	2,578,409
Total assets	\$ 2,913,300	\$ 3,313,635
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 11)	\$ 791,655	\$ 446,234
Current portion of lease liabilities (Note 8)	31,062	34,387
Other liabilities (Note 10)	148,522	246,170
Total current liabilities	971,239	726,791
Loan payable (Note 9)	60,000	40,000
Lease liabilities (Note 8)	98,866	104,073
Total liabilities	1,130,105	870,864
Shareholders' equity		
Share capital (Note 10)	42,955,916	42,949,916
Reserves (Note 10)	13,826,682	13,812,273
Deficit	(54,999,403)	(54,319,418)
Total shareholders' equity	1,783,195	2,442,771
Total liabilities and shareholders' equity	\$ 2,913,300	\$ 3,313,635

Nature of operations and the ability to continue as a going concern (Note 1)

Commitments and contingencies (Note 12)

Subsequent event (Note 15)

Approved and authorized by the Board of Directors on May 31, 2021:

"Rolf Van Driesum"
Rolf Van Driesum

Director

"David Brett"
David Brett

Director

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

EnGold Mines Ltd.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
Unaudited

	For the three months ended March 31, 2021	For the three months ended March 31, 2020	For the six months ended March 31, 2021	For the six months ended March 31, 2020
EXPENSES				
Depreciation (Note 6)	\$ 13,436	\$ 13,227	\$ 26,872	\$ 26,454
Mineral property expenditures	40,687	200,898	270,148	265,431
Filing and regulatory	10,410	9,926	12,909	14,986
Insurance	6,245	6,157	13,012	10,876
Office and other	7,473	5,529	13,809	13,940
Management and consulting (Note 11)	48,657	51,075	96,803	103,103
Professional fees (Notes 11 and 12)	296,967	256,190	313,636	282,129
Share-based payments (Note 10)	5,272	37,765	14,409	78,116
Shareholder communications	1,745	3,670	8,312	6,300
Travel and promotion	1,022	4,160	1,255	4,160
	(431,914)	(588,597)	(771,165)	(805,495)
OTHER ITEMS				
Lease accretion (Note 8)	(3,102)	(3,646)	(6,468)	(7,533)
Other income (Note 10)	9,527	44,177	97,648	66,482
Loss and comprehensive loss for the period	\$ (425,489)	\$ (548,066)	\$ (679,985)	\$ (746,546)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	244,513,779	222,302,756	244,615,446	218,471,295

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

EnGold Mines Ltd.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
Unaudited

For the six-month period ended March 31,	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (679,985)	\$ (746,546)
Non-cash items:		
Depreciation	26,872	26,454
Lease accretion	6,468	7,533
Other income	(97,648)	(66,482)
Share-based payments	14,409	78,116
Changes in non-cash working capital items:		
Receivables	14,348	(3,913)
Prepaid expenses	29,890	(32,352)
Accounts payable and accrued liabilities	345,421	164,162
Net cash used in operating activities	<u>(340,225)</u>	<u>(573,028)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties (Note 7)	<u>(5,000)</u>	-
Net cash used in investing activities	<u>(5,000)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds received	20,000	-
Proceeds from private placements	-	739,250
Payments of lease liabilities	(15,025)	(26,958)
Share issuance costs	-	(81,167)
Net cash provided by financing activities	<u>4,975</u>	<u>631,125</u>
Change in cash during the period	(340,250)	58,097
Cash, beginning of period	<u>346,430</u>	<u>94,091</u>
Cash, end of period	<u>\$ 6,180</u>	<u>\$ 152,188</u>
Supplemental cash flow information:		
Broker warrants issued as share issuance costs	\$ -	\$ 12,266
Prepaid expenses applied to lease liabilities	\$ 9,039	\$ -
Shares issued for mineral properties	\$ 6,000	\$ -
Lease liabilities and right-of use assets recognized under IFRS 16	\$ 9,064	\$ 158,666
Shares issued to settle accounts payable and accrued liabilities	\$ -	\$ 12,500
Flow-through premium liability recognized	\$ -	\$ 150,142

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

EnGold Mines Ltd.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

Unaudited

	<u>Share Capital</u>				
	Number	Amount	Reserves	Deficit	Total
Balance, September 30, 2019	213,463,621	\$ 41,579,039	\$ 13,664,525	\$ (52,970,274)	2,273,290
Private placements – flow through	8,108,824	689,250	-	-	689,250
Private placements – non-flow through	833,333	50,000	-	-	50,000
Share issuance costs – cash	-	(81,167)	-	-	(81,167)
Shares for debt	208,333	12,500	-	-	12,500
Flow-through premium liability	-	(150,412)	-	-	(150,412)
Exercise of warrants	-	(12,266)	12,266	-	-
Shares-based payments	-	-	78,116	-	78,116
Loss for the period	-	-	-	(746,546)	(746,546)
Balance, March 31, 2020	222,614,111	42,086,944	13,754,907	(53,716,820)	2,125,031
Private placements – flow through	8,001,335	600,100	-	-	600,100
Private placements – non-flow through	13,750,000	541,667	8,333	-	550,000
Share issuance costs – cash	-	(109,538)	-	-	(109,538)
Share issuance costs – warrants	-	(37,064)	37,064	-	-
Shares for mineral properties	100,000	4,500	-	-	4,500
Flow-through premium liability	-	(136,693)	-	-	(136,693)
Share-based payments	-	-	11,969	-	11,969
Loss for the period	-	-	-	(602,598)	(602,598)
Balance, September 30, 2020	244,465,446	42,949,916	13,812,273	(54,319,418)	2,442,771
Shares for mineral properties (Note 7)	150,000	6,000	-	-	6,000
Shares-based payments	-	-	14,409	-	14,409
Loss for the period	-	-	-	(679,985)	(679,985)
Balance, March 31, 2021	244,615,446	\$ 42,955,916	\$ 13,826,682	\$ (54,999,403)	\$ 1,783,195

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

1. NATURE OF OPERATIONS AND THE ABILITY TO CONTINUE AS A GOING CONCERN

EnGold Mines Ltd. (the “Company”) was incorporated in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral properties in Canada.

The Company’s registered and records office is Pacific Centre, 400 – 725 Granville Street, Vancouver, BC V7Y 1G5.

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

These condensed interim financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. For the period ended March 31, 2021, the Company incurred a loss of \$679,985, has an accumulated deficit of \$54,999,403 and expects to incur further losses in the development of its business. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Management believes the Company will be successful at securing additional funding, however, there is no assurance that such plans will be successful and if so, that the funding will be provided on terms acceptable to the Company.

If the Company is unable to obtain adequate additional financing and the continued support of related parties, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis. The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations this time.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of Presentation

The condensed interim financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

EnGold Mines Ltd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021
(Expressed in Canadian Dollars)
Unaudited

2. BASIS OF PREPARATION *(cont'd...)*

Use of Estimates and Judgments

Critical accounting estimates

- i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's options and warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical accounting judgments

- i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.
- ii. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- iii. The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the most recent audited annual financial statements as at and for the year ended September 30, 2020 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

4. RECLAMATION DEPOSITS

As at March 31, 2021 the Company held \$147,000 (September 30, 2020 - \$147,000) in deposits with a financial institution as security for reclamation requirements.

5. RESTRICTED CASH

Restricted cash consists of a term deposit of \$11,500 (September 30, 2020 - \$11,500) held as security for a corporate credit card.

EnGold Mines Ltd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021
(Expressed in Canadian Dollars)
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6. EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-Of-Use assets	Field Equipment	Vehicles	Office Furniture and equipment	Total
Cost					
Balance, September 30, 2019	\$ -	\$ 102,713	\$ 140,336	\$ 53,679	\$ 296,728
Disposals	-	-	(15,000)	-	(15,000)
Adoption of IFRS 16	156,665	-	-	-	156,665
Revaluation of leases	17,778	-	-	-	17,778
Balance, September 30, 2020	174,443	102,713	125,336	53,679	456,171
Revaluation of leases	9,064	-	-	-	9,064
Balance, March 31, 2021	183,507	102,713	125,336	53,679	465,235
Accumulated depreciation					
Balance, September 30, 2019	-	97,400	107,710	52,938	258,048
Disposals	-	-	(15,000)	-	(15,000)
Additions	46,175	1,062	6,525	148	53,910
Balance, September 30, 2020	46,175	98,462	99,235	53,086	296,958
Additions	23,778	425	2,610	59	26,872
Balance, March 31, 2021	\$ 69,953	\$ 98,887	\$ 101,845	\$ 53,145	\$ 323,830
As at September 30, 2020	\$ 128,268	\$ 4,251	\$ 26,101	\$ 593	\$ 159,213
As at March 31, 2021	\$ 113,554	\$ 3,826	\$ 23,491	\$ 534	\$ 141,405

During the year ended September 30, 2020, the Company settled accounts payable and accrued liabilities with an arm's length party with a value of \$15,000 by exchanging a vehicle with a book value of \$nil. The Company recognized a gain on the disposal of \$15,000 to loss and comprehensive loss.

7. MINERAL PROPERTIES

	Lac La Hache
Balance, September 30, 2019	\$ 2,573,909
Additions	4,500
Balance, September 30, 2020	\$ 2,578,409
Additions	11,000
Balance, March 31, 2021	\$ 2,589,409

Balance of mineral properties represents acquisitions costs paid by the Company.

EnGold Mines Ltd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021
(Expressed in Canadian Dollars)
Unaudited

7. MINERAL PROPERTIES (cont'd...)

Lac La Hache (cont'd...)

The following descriptions apply to adjacent properties in the Clinton Mining and Cariboo Divisions located near Lac La Hache, British Columbia:

a) Miracle/Murphy

The Company owns a 100% interest in four mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated October 27, 1994, there is a 2% net smelter return ("NSR") which will be reduced to 1% upon an aggregate total payment of \$1,500,000 to the original vendor.

b) Peach Lake

The Company owns an 100% interest in a number of mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache that were acquired under option agreements with the original vendors. Under the terms of an agreement dated December 1, 1994, there is a 3% NSR due to the original vendor on four of the original seven claims acquired to a maximum of \$500,000 and a 1% NSR in favour of Peach Lake Resources Ltd., purchasable at any time for \$3,000,000.

During the year ended September 30, 2018, the Company signed an agreement amending the Peach Lake Resources Ltd. NSR purchase price from \$3,000,000 to \$2,000,000. In exchange for the revised agreement, the Company paid \$10,000 cash and issued 350,000 common shares valued at \$73,500.

c) Ann

The Company owns a 100% interest in two mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreements, the claims are subject to a 5% net profits royalty to a maximum of \$500,000.

d) Murphy Lake

The Company owns a 100% interest in a number of mineral claims located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated June 3, 1993, the Company has agreed with the original vendor to issue 300,000 common shares, when it is confirmed that an ore body exists and the plans to commence commercial production are in place, and pay a 3% NSR to a maximum of \$1,000,000. No shares have been issued to the date of these financial statements.

e) PMA/Cassidy

The Company owns a 100% interest in four mineral claims, located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreement dated February 14, 2000, the Company is not required to pay a NSR to the original vendor.

f) Candorado Option Agreement

During the year ended September 30, 2012, the Company and Candorado Operating Company Ltd. ("Candorado") entered into an option agreement (the "Agreement") whereby the Company acquired a 100% interest in certain mineral claims located east of Williams Lake, BC, near Lac La Hache (the "Claims").

During the year ended September 30, 2013, the Agreement was amended such that a 2% NSR obligation of the Company in favour of Candorado was waived by Candorado, and certain NSR obligations of Candorado were assumed by the Company, which assumed NSRs related to two separate blocks of the Claims (acquired under two separate 2004 option agreements with different optionees). Certain of the Claims acquired by the Company under the Agreement are now subject to a 2% NSR in favour of two optionees, purchasable by the Company at any time for \$1,000,000 (\$500,000 to each optionee). Certain other of the Claims are also subject to a 2% NSR in favour of two other optionees, which NSR is similarly purchasable by the Company at any time for \$1,000,000 (\$500,000 to each optionee).

7. MINERAL PROPERTIES (*cont'd...*)

Lac La Hache (*cont'd...*)

g) Tam Property

During the year ended September 30, 2020, the Company entered into an option agreement to acquire 100% of the Tam Property which comprises 875 hectares of mineral claims adjoining the Company's Lac La Hache Property directly to the east of the Aurizon Gold Deposit.

The agreement with the vendor, which is subject to the approval of the TSX Venture Exchange, calls for EnGold to, on signing, apply 2 years' worth of assessment work on the property (completed) and pay \$40,000 and issue 1,500,000 common shares over a four-year period as follows:

- a) 100,000 common shares on exchange acceptance (*issued with fair value of \$4,500*);
- b) on the 12-month anniversary, \$5,000 and 150,000 common shares (\$5,000 paid and *issued with fair value of \$6,000 during the period ended March 31, 2021 (Note 10)*);
- c) on the 24-month anniversary, \$10,000 and 200,000 common shares;
- d) on the 36-month anniversary, \$10,000 and 250,000 common shares; and
- e) on the 48-month anniversary, \$15,000 and 800,000 common shares.

All commitments except the application of the work and payment of the first 100,000 shares are at the sole option of the Company. The Tam Property will at all times be subject to a 2% NSR in favour of the vendor, which NSR will be purchasable any time by the Company for \$1,500,000.

Red Property

On July 5, 2016, the Company entered into a joint agreement with Pacific Empire Minerals Corp. ("PEMC") that is accounted for as a joint operation under IFRS 11 Joint Arrangements. Both parties hold certain adjacent claims located in the Clinton Mining Division of British Columbia and agreed to combine into single property to be known as the Red Property (the "Property") and form an unincorporated joint operation for the purpose of exploring and developing the Property. The participating interests of both parties at the time of the joint operation is 50% with each party responsible for payment of its proportionate share of operating and capital costs, including reclamation and remediation obligations.

Upon formation of the joint operation, a management committee (the "Management Committee") consisting of two representatives of each party and holding voting rights in accordance with each party's participating interest, was established which shall make all decisions which are required to be made by the joint operation participants. The Management Committee shall be responsible for the exploration and development of the Property and for the negotiation of any option or sale of the Property.

During the year ended September 30, 2018, PEMC carried out exploration work on the Property at their sole expense with no dilution to EnGold. The term of the PEMC agreement extended to December 31, 2018 and expired at that time. The Company retains a 100% interest in its original claim, as single mineral tenure subject to a 1.5% NSR payable to the vendor to a maximum of \$3,000,000.

8. LEASE LIABILITIES

Pursuant to the adoption of IFRS 16 (Note 3), the Company has recognized the impact of lease obligations as of October 1, 2019. As at October 1, 2019, the Company's two leases had undiscounted remaining payments of \$229,614. Using a discount rate of 10%, the Company recognized additions to lease liabilities and Right-of-Use assets of \$156,665. During the year ended September 30, 2020, through amendments to lease payment schedules, the Company revalued the remaining payments and recognized further additions to lease liabilities and Right-of-Use assets of \$17,778. During the period ended March 31, 2021, through amendments to lease payment schedules, the Company revalued the remaining payments and recognized further additions to lease liabilities and Right-of-Use assets of \$9,064.

EnGold Mines Ltd.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021
(Expressed in Canadian Dollars)
Unaudited

8. LEASE LIABILITIES (cont'd...)

The following summarizes the undiscounted minimum lease payments under the lease liabilities as at March 31, 2021:

Fiscal year	Payment
2021	\$ 24,110
2022	36,553
2023	36,553
2024	36,553
2025	24,370
Amount representing future lease accretion	(28,211)
Lease liabilities as at March 31, 2021	\$ 129,928

The following is a reconciliation of the changes in the lease liabilities:

	March 31, 2021
Opening balance	\$ 138,460
Revaluation of lease liabilities	9,064
Lease accretion	6,468
Payments	(24,064)
	129,928
Current portion of lease liabilities	(31,062)
Lease liabilities	\$ 98,866

9. LOAN PAYABLE

As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses are eligible to apply for the Canada Emergency Business Account (the "CEBA"). The CEBA provides companies with a \$40,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended September 30, 2020, the Company applied for the CEBA and received the \$40,000 loan. The CEBA remains interest free until December 31, 2022 and has no fixed repayment schedule. If \$30,000 is repaid on or before December 31, 2022, the remaining \$10,000 will be forgiven. If at December 31, 2022, any amount remains unpaid, the Company will enter into an extension agreement whereby it will accrue interest at a rate of 5% per annum, with a repayment schedule to be determined at that time. During the period ended March 31, 2021, the Company received an additional \$20,000 in CEBA proceeds, of which \$10,000 is forgivable if paid by December 31, 2022.

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

During the period ended March 31, 2021:

- a) The Company issued 150,000 common shares with a fair value of \$0.04 per common share as per the terms of the Tam Property option agreement (Note 7).

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

b) Issued share capital (*cont'd...*)

During the year ended September 30, 2020:

- a) The Company closed a non-brokered private placement by issuing 833,333 Non-Flow-Through Units (each, a "NFT Unit") at a price of \$0.06 per NFT Unit for gross proceeds of \$50,000. Each NFT Unit consists of one common share and one warrant, whereby each whole warrant entitles the holder to purchase one common share at a price of \$0.10 per share for a period of one year. No finder's fees were paid in connection with the issue of the NFT units. Using the residual value method, the Company recognized additions to share capital of \$41,667 and to warrants reserves of \$8,333.
- b) The Company issued 208,333 common shares with a fair value of \$0.06 per common share to settle accounts payable and accrued liabilities with a third party valued at \$12,500.
- c) The Company closed the first tranche of a non-brokered private placement by issuing 4,705,882 Flow Through Units (each, a "FT Unit") for gross proceeds of \$400,000. Each FT Unit consists of one flow-through share and one-half of one warrant, whereby each whole warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.10 per share for a period of one year. The Company paid finders' fees in connection with the financing consisting of \$32,000 cash and 376,470 agents warrants entitling the holders to purchase one non flow-through share at a price of \$0.10 for one year. The agent's warrants were fair valued at \$5,817 using the Black-Scholes pricing model using a share price of \$0.065, expected life of one year, and a volatility of 94.03%. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of \$94,118. During the year ended September 30, 2020, the Company spent approximately 77% of the required flow-through expenditures under the issuance and \$40,935 was recognized to comprehensive loss as other income. The remaining expenditures were made during the period ended March 31, 2021 and \$53,183 was recognized to comprehensive loss as other income.
- d) The Company closed the second tranche of a non-brokered private placement by issuing 2,352,942 FT Units for gross proceeds of \$200,000. Each FT Unit consists of one flow-through share and one-half of one warrant, whereby each whole warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.10 per share for a period of one year. The Company paid finders' fees in connection with the financing consisting of \$16,000 cash and 188,235 agents warrants entitling the holders to purchase one non flow-through share at a price of \$0.085 for two years. The agent's warrants were fair valued at \$6,185 using the Black-Scholes pricing model using a share price of \$0.07, expected life of two years, and a volatility of 97.34%. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of \$35,294. During the period ended March 31, 2021 the entire required flow-through expenditures were spent, and the Company recognized \$35,294 to comprehensive income as other income.
- e) The Company closed a third and final tranche of a non-brokered private placement by issuing 1,050,000 FT Units for gross proceeds of \$89,250. Each FT Unit consists of one flow-through share and one-half of one warrant, whereby each whole warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.10 per share for a period of one year. The Company paid finders' fees in connection with the financing consisting of \$1,496 cash and 17,600 agents warrants entitling the holders to purchase one non flow-through share at a price of \$0.10 for one year. The agent's warrants were fair valued at \$264 using the Black-Scholes pricing model using a share price of \$0.07, expected life of one year, and a volatility of 92.41%. In connection with the closing of the three tranches, the Company incurred additional closing costs of \$31,671. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of \$21,000. As at March 31, 2021, the Company has spent approximately 44% of the require flow-through expenditures under the issuance and \$9,171 was recognized to comprehensive loss as other income.
- f) The Company issued 100,000 common shares with a fair value of \$0.045 per common share as per the terms of the Tam Property option agreement (Note 7).

10. SHARE CAPITAL AND RESERVES (cont'd...)

Issued share capital (cont'd...)

- g) The Company closed the first tranche of a non-brokered private placement by issuing 1,900,000 Non-Flow Through Units (each, a "NFT Unit") at a price of \$0.04 per NFT Unit for gross proceeds of \$76,000. Each NFT Unit consists of one common share and one warrant, whereby each warrant entitles the holder to purchase one common share at a price of \$0.07 per share for a period of two years. The Company paid finders' fees in connection with the financing consisting of \$4,620 cash and 115,500 agents warrants entitling the holders to purchase one non flow-through share at a price of \$0.04 for two years. The agent's warrants were fair valued at \$3,485 using the Black-Scholes pricing model using a share price of \$0.05, expected life of two years, and a volatility of 107.57%.
- h) The Company closed the second tranche of a non-brokered private placement by issuing 1,200,000 Non-Flow Through Units (each, a "NFT Unit") at a price of \$0.04 per NFT Unit for gross proceeds of \$48,000. Each NFT Unit consists of one common share and one warrant, whereby each warrant entitles the holder to purchase one common share at a price of \$0.07 per share for a period of two years. The Company paid finders' fees in connection with the financing consisting of \$2,100 cash and 52,500 agents warrants entitling the holders to purchase one non flow-through share at a price of \$0.04 for two years. The agent's warrants were fair valued at \$1,707 using the Black-Scholes pricing model using a share price of \$0.05, expected life of two years, and a volatility of 120.58%.
- i) The Company closed the third and final tranche of a non-brokered private placement by issuing 10,650,000 Non-Flow Through Units (each, a "NFT Unit") at a price of \$0.04 per NFT Unit for gross proceeds of \$426,000. Each NFT Unit consists of one common share and one warrant, whereby each warrant entitles the holder to purchase one common share at a price of \$0.07 per share for a period of two years. The Company paid finders' fees in connection with the financing consisting of \$29,820 cash and 745,500 agents warrants entitling the holders to purchase one non flow-through share at a price of \$0.05 for two years. The agent's warrants were fair valued at \$21,246 using the Black-Scholes pricing model using a share price of \$0.05, expected life of two years, and a volatility of 121.45%. In connection with the three tranches of the private placement, the Company incurred additional closing costs of \$19,899.
- j) The Company closed two tranches of a non-brokered private placement by issuing 4,666,667 Flow-Through Units (each, a "FT Unit") on August 13, 2020 and 3,334,668 FT Units on August 19, 2020 at a price of \$0.075 per FT Unit for gross proceeds of \$600,100. Each FT Unit consists of one flow-through common share and one half of one warrant, whereby each whole warrant entitles the holder to purchase one non-flow through common share at a price of \$0.10 for period of two years from close. In connection with the offering, the Company paid cash finders' fees of \$42,007 and issued 560,093 agents' warrants, entitling the holders to purchase one non-flow through common share at a price of \$0.10 for a period of one year. The agent's warrants were fair valued at \$10,626 using the Black-Scholes pricing model using a share price of \$0.06, expected life of one year, and a volatility of 125.18%. In connection with the private placements, the Company incurred additional closing costs of \$11,092. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of \$136,693. As at March 31, 2021, the Company not yet incurred any of the required flow-through expenditures.
- c) Stock options and warrants

The Company has a share purchase option plan approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, and employees. The share purchase option plan (the "2011 Rolling Option Plan") is based on the maximum number of eligible shares equaling a rolling percentage of 7.5% of the Company's outstanding common shares, and may not exceed 5% to any individual, calculated from time to time. During the year ended September 30, 2018, the Rolling Option Plan was amended such that the maximum number of eligible shares reserved for issuance under the plan be reduced from 7.5% to 5% of the Company's outstanding common shares, of which 1.31% have been issued. Pursuant to the 2011 Rolling Option Plan, if outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the plan increases proportionately. The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts).

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10. SHARE CAPITAL AND RESERVES (cont'd...)

c) Stock options and warrants (cont'd...)

Under the Plan, if an optionee ceases to be a director, officer or employee for any reason other than death, this option shall terminate as specified by the Board and all rights to purchase common shares under such option shall cease and expire and be of no further force or effect. Options have a maximum term of five years and depending on who the optionee is and whether the optionee resigned or is terminated, will terminate on the effective date of resignation or termination or 18 months following termination, except in the case of death, in which case they terminate one year after death. Unless otherwise noted vesting of options is made at the time of granting of the options at the discretion of the Board of Directors. Vested options are exercisable at any time.

Stock option and share purchase warrants transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, September 30, 2019	2,606,664	\$ 0.40	6,697,589	\$ 0.29
Issued	2,630,000	0.10	24,694,311	0.08
Expired and cancelled	(1,516,664)	0.40	(6,341,680)	0.29
Balance, September 30, 2020	3,720,000	0.19	25,050,220	0.08
Issued	500,000	0.10	-	-
Expired and cancelled	(1,023,334)	0.40	(5,281,816)	0.10
Balance, March 31, 2021 - outstanding	3,196,666	\$ 0.11	19,768,404	\$ 0.08
Balance, March 31, 2021 - exercisable	3,196,666	\$ 0.11	19,768,404	\$ 0.08

As at March 31, 2021, incentive stock options were outstanding as follows:

	Number	Exercise price	Expiry date
Stock Options	66,666	\$ 0.40	August 8, 2021
	2,630,000	\$ 0.10	March 17, 2023
	500,000	\$ 0.10	October 14, 2023
	<u>3,196,666</u>		

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10. SHARE CAPITAL AND RESERVES (cont'd...)

c) Stock options and warrants (cont'd...)

As at March 31, 2021, share purchase warrants were outstanding as follows:

	Number	Exercise price	Expiry date
Share Purchase Warrants	290,909	\$ 0.12	July 2, 2021
	65,000	\$ 0.12	September 24, 2021
	188,235	\$ 0.085	December 18, 2021
	1,900,000	\$ 0.07	June 19, 2022
	115,500	\$ 0.04	June 19, 2022
	1,200,000	\$ 0.07	June 30, 2022
	52,500	\$ 0.04	June 30, 2022
	10,650,000	\$ 0.07	July 22, 2022
	745,500	\$ 0.04	July 22, 2022
	2,333,333	\$ 0.10	August 13, 2022
	326,666	\$ 0.10	August 13, 2021
	1,667,334	\$ 0.10	August 19, 2022
	233,427	\$ 0.10	August 19, 2021
	<u>19,768,404</u>		

11. RELATED PARTY TRANSACTIONS

Key management personnel comprise the Chief Executive Officer, Chief Financial Officer, Corporate Secretary, Vice President of Exploration and Directors of the Company. The remuneration of the key management personnel for the period ended March 31, 2021 is as follows:

- Included in management, salaries, and consulting fees was \$60,000 (2020- \$60,000) for services provided by the CEO, \$12,000 (2020 - \$12,000) paid to the corporate secretary, and \$24,000 (2020 - \$24,000) to a company that employs the CFO of the Company.
- Included in exploration and evaluation expenditures are \$56,000 (2020 - \$55,360) for geological consulting services to a company controlled by the Vice President of Exploration.
- Share-based payments of \$nil (2020 - \$70,655) related to the fair value of stock options issued to key management personnel.

An amount of \$66,286 (September 30, 2020 - \$4,200) included in accounts payable is owed to related parties. These balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand. Included in accrued wage of \$30,000 to a related party of the company.

12. COMMITMENTS AND CONTINGENCIES

- i) From time to time, certain claims, lawsuits, and complaints may arise in the ordinary course of operations against the Company. Provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. The Company is not aware of any material unrecorded contingent liabilities which require recording in the financial statements for the period ended March 31, 2021.

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12. COMMITMENTS AND CONTINGENCIES (cont'd...)

In addition to the above, a former senior officer of the Company commenced litigation against the Company alleging wrongful dismissal and claiming unspecified damages. During the year ended September 30, 2020, a judgment was reached, and the Company was ordered to pay \$72,500 plus plaintiff's costs, estimated initially to be \$60,000. As at September 30, 2019, the Company had accrued a total of \$132,500 related to the judgment in accounts payable and accrued liabilities. During the period, the Company appealed the judgment. Also during the period, the court provided a ruling on costs awarding the plaintiffs full indemnity, estimated by the plaintiffs to be in excess of \$500,000. On May 22, 2020, the Company received a court order to post \$250,000 in security related to the plaintiff's costs pending the outcome of the appeal. During this same period, the Company was also required to pay into trust \$89,045 related to the judgment. During the year ended September 30, 2020 the Company paid into trust all the ordered amounts, totaling \$339,045. Accordingly, for the year ended September 30, 2020 the Company recognized an additional \$206,545 in professional fees for the plaintiff's costs, of which the entire amount has been paid into trust pending the appeal. During the period ended March 31, 2021, the Company's appeal was dismissed, and the Company is now required to pay plaintiff's costs for which the Company has accrued an additional \$250,000 included in professional fees as at March 31, 2021.

- ii) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities would have negative tax consequences for investors. As of March 31, 2021, the Company has an obligation to incur \$650,375 (September 30, 2020 - \$1,115,379) of eligible expenses pursuant to the terms of the flow through shares financing.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Interest Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, commodity prices, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at March 31, 2021, the Company is not materially exposed to market risk.

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

b) Interest Risk

Interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage risk. The Company's policy as it relates to its cash balances is to invest excess cash in a reputable Canadian chartered bank.

As of March 31, 2021, the Company's exposure to interest rate risk is cash with variable interest rate. A change in interest rates of 1% would not materially affect the Company's cash flows.

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its reclamation deposit.

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company anticipates that the current funds are not sufficient to support its corporate and administrative obligations on a continuous basis. Management is evaluating other alternatives to secure financing including additional equity offerings. However, there is no assurance that these initiatives will be successful. The amount and timing of additional funding will be impacted by, among other things, the strength of the capital markets.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The statement of financial position carrying values for receivables, and accounts payable and accrued liabilities approximates fair value due to their short-term nature.

14. CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital consists of shareholder's equity comprising issued capital; share purchase warrants; reserves and deficit. The basis for the Company's capital structure is dependent on the Company's exploration programs. There were no changes in the Company's approach to capital management during the current period and the Company is not subject to externally imposed capital requirements, except when the Company issues flow-through shares. The Company is subject to certain requirements in relation to its use of funds raised through the issuance of flow-through shares. These funds have to be incurred for eligible exploration expenditures in accordance with Canadian federal and certain provincial income tax acts.

15. SUBSEQUENT EVENT

Subsequent to period ended March 31, 2021, the Company closed a non-brokered private placement by issuing 12,000,000 flow-through units at a price of \$0.05 per unit for proceeds of \$600,000. Each unit consists of one flow-through common share and one half of one warrant, whereby each whole warrant will entitle the holder to purchase one non-flow-through common share at a price of \$0.075 per share for a period of two years.